Remarks by
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Association of Former Intelligence Officers
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I hope those of you from the broader Intelligence Community will forgive me if I put on my project manager's hat today and talk to you principally from a CIA perspective. But, I think you will find my remarks will have applicability throughout the Intelligence Community.

As you all are aware the Agency is a third of a century old. Many of you in this room pioneered its efforts and built the foundation. Many of you also lived through the difficult days of the 70s. Today, our thoughts leap across the 80s, which in my judgment will be an era of renewed strength and vigor for the Intelligence Community, and for the CIA in particular. About two years ago I talked to this convention. I admitted then that we had a lot of problems. But looking at the other side of those problems, they really represented opportunity.

You are aware of the dramatic changes in the climate that has taken place and the opportunities and challenges that lie ahead. Let me tell you a story that illustrates my point. Some of you may have seen an ABC commentary done by Brit Hume entitled "The Return of the CIA." I found a number of distortions in that show and I told ABC so in a letter. I was asked to be interviewed for that show and I agreed. I was filmed for well over half an hour. The bulk of the questions were, "How did you guys to it? You were on the ropes a couple of years ago and now you are coming back; now you seem to have an overwhelming wave of support. What kind of trickery did you use; what kind of gimmicks?" I tried to answer the questions in a straightforward way, talking about the merits of the issues and why we were proposing various legislation. I answered all the questions fairly and openly.

Not one second of my interview was used on the film, although lots of time was given to the critics of intelligence and the Agency. I was disturbed at the time, but that is history now. The more I reflect on it, the less disturbed I am. The point is we don't need to worry about those kinds of problems. We no longer need to concern ourselves with that kind of political attack. We do need to worry about the effectiveness of our intelligence efforts and our capability to deal with the very serious problems of the world.

We see signs all around us of what those problems are likely to be. As I speak there is a war raging in the Middle East between two countres whose leaders are overtly hostile to the United States; countries where we don't even have functioning embassies. To say the least, this makes the intelligence tasks more difficult. Additionally, this war graphically brings home to us an all too familiar problem -- our dependence on foreign oil reserves. Farther to the East we watch the Soviets continue their invasion of Afghanistan. We also are concerned about their continued support of Vietnam and that country's attacks on Kampuchea. Closer to our own borders we see trouble in one Central American country after another. Castro is engaging in renewed adventurism, and we worry about the Caribbean islands and Cuban soldiers in Africa. Terrorism is on the way up. Nuclear capability proliferates. Ten years from now what countries are likely to have the bomb?

We as a people tend to focus very much on our problems and think that world affairs are a zero-sum game; they are not. The Soviet Union has problems. Everyone in this room is aware of their declining growth rates, of rising consumer expectations throughout the country. You are also aware that they are wrestling with minority problems, labor shortages, declining oil production, and their relations with China and Eastern Europe. All these problems come at a time when the Soviet Union is at the height of its strategic power vis-a-vis

the United States. These problems also come at a time when there is likely to be a transition in leadership -- a post-Stalin leadership that we really know very little about.

We can take little comfort in the problems of the Soviet Union. To the contrary, coupled with other trends throughout the world that I have mentioned, they mean the 1980s will be a challenging decade, maybe even a dangerous one. This realization is reflected in the turnabout in the intelligence budget, for example. Obviously, I can't discuss the budget publicly, but I think we have turned the corner with respect to resources. However, you and I know that good intelligence requires much more than just money.

I have tried in my own thinking to break out what the principal requirements for effective intelligence in the 80s are. First, I would list political support and managerial direction. Second would be good people, and third would be the ability to protect our sources and methods. Let me take each of those in turn.

Political support. Since I have been in this job I have done a fair amount of traveling throughout the country, speaking to a wide variety of groups. I have never felt any public hostility toward the Agency. To the contrary, I have sensed nothing but support and have become persuaded that the attacks on the Agency are rather narrowly based. That public support is beginning to manifest itself in changed attitudes on Capitol Hill. It is much easier to go to the Congress now than it was formerly when some of you were responsible for that chore. In Congressional hearings people are now saying, "What more can we do to help you? What do you need?" The other day I went up for what I thought was to be a routine budget hearing -- it had been scheduled as a 45-minute session. Two and a half hours later I came out of the hearing after the full Committee had taken me on a tour of the world, from one crisis spot to another,

asking, "What are you doing? What more can be done? What should we do?" This is very positive. One of the most satisfying occurrences for an intelligence organization is to have the country's political leaders use its product. I can assure you that never in my experience has our product been in greater demand. As they have become acquainted with our product, our political leaders have manifested their support in very tangible ways-- sometimes in public statements but often also in the quiet dialogue between us and the Congress on matters of considerable importance.

On the questions of internal management direction, modesty keeps me from going into much detail, but I will list several important problems. I think we in the Agency have managed to pursue a very aggressive strategy on Capitol Hill and that strategy is beginning to pay dividends. We have expanded the activities of the Executive Committee, which started before I came into the Agency, and now I think we have gained a true sense of collegiality. The Executive Committee meets in lively discussion two or three times a week. Almost all the major policy decisions are now run through the Executive Committee. The Directorates, I believe, have a real sense of participation. We have also strengthened the participation of the different Directorates in the budget process, and I think we have made strides in developing a more coherent Community budget. We are moving for the first time to develop a modest Agency-wide planning system. We are working hard on a better definition of goals for each of the Directorates and for the Agency as a whole. We have also made fairly extensive modifications in the personnel systems, which have not been without controversy. Some of you may agree and some of you may disagree, but we do think that we have structured a better planning and evaluation capability, and we do hope that we have brought about a bit more equity -- not that it was inequitable before -- but one always has to strive to improve a new system. Finally, I think we have greatly increased cooperation with the Department of State, which is fundamental

to our job, as you all know. We have managed to resolve some nagging problems which have gone on for years. Not that we have worked any magic, but as I said earlier, many of these things were underway when some of you were in the Agency. We have tried to build upon them -- to strengthen our institutions. You set high standards, but I think we are able to match them.

Let me now say a word about recruitment. The number of inquiries remains high. Some 92,000 individuals inquired about employment in FY 1980. Of those 92,000, we hired 1,458, divided almost equally between clericals and professionals. With such a large pool we could afford to be selective, and we hired only about one out of a hundred. We have developed new procedures for processing applicants. As you know we often lose good people during the long processing period. We have now reduced the time to hiring professionals from 11 months to 2 or 3 months, and clerical hiring will be reduced to 40 days. We are keeping up the quality. The profile of our new Career Trainees is one of people who are bright, patriotic and dedicated. We are doing well even in the hard-to-get categories -- minorities, engineers, computer scientists. Despite the increase in Career Trainee hiring, the CTs score as high if not higher in their tests than did their predecessors. Perhaps most importantly, the retention rate of professionals at the Agency is one of the highest in government. The Agency loses approximately 7% of its professionals annually, as compared to 13% to 15% in the rest of the government. The Agency loses some 15% of its clericals and the rest of government loses 35%.

But there is a problem in my judgment which has not yet hit the Agency with its full impact. That is our ability to retain good senior managers. I spoke last night to a group of businessmen. I asked them how they would run their businesses if everyone in their firms from middle-level management up to Vice President made the same salary, $50,000 a year -- that year after year each saw his real income eroded. I also asked what they would do if their managers were

subject to constant political attack -- and described as indolent and inefficient. I further asked them how they would handle overseas problems which often resulted in families being uprooted, furniture lost, employees transfered on short notice, and serious difficulty finding work for spouses. I finally asked them what if their retirement system was one where benefits increased faster if you retired than if you stayed on the job. I am not sure they believed me when I indicated that this was the environment in which we worked, but I know that you in this room are familiar with it. I greatly fear that once the impact of all this is felt, the Agency may well begin to lose some of its very valuable talent at the top. We have tried to address this issue by instituting the Senior Intelligence Service which parallels the Senior Executive Service established for the rest of the government. The only difference is that we have included specialists as well as managers in the system. Under the program we have designed, up to 23% of our supergrades can receive bonus awards based on performance that will range from $20,000 a year to a low of 7% of their salary. I think it is a very important step, not only because it provides additional compensation but because it provides incentive. This new program provides a management tool, and it makes all the managers look very carefully at the whole question of performance. To assist in this we have attempted to strengthen the performance criteria and guidelines used in evaluation.

Finally, the last ingredient in a good intelligence operation is the protection of sources and methods. We are in a profession that depends on training. Indeed, one of the things we did just last month was to change the name of the Office of Training to the Office of Training and Education. We must consider ourselves past the point of mere training; we want to educate our people. There are a number of tools of the trade -- there is analysis, work in the scientific area, technical work -- you are familiar with most of them. There is one thing that cuts across all the lines, and that is the importance of

being able to protect our information. Let's face it -- our country is becoming known throughout the world as a country with a government that can't keep a secret. I hear this everywhere I go. I am sure you do too, and that has begun to hurt us. Our critics say "prove it!" Trying to prove a negative is a very difficult thing. Somebody that is not going to cooperate with you is not going to tell you that they are not going to cooperate. But we have picked up enough information to know this problem is impacting on us. Not that we are not effective. We are still very effective. The issue is how much more effective we could be.

The problems of protecting sources and methods, including protecting our information and projecting the kind of image that an intelligence organization needs to project, can in my judgment be divided into four areas: the Freedom of Information Act, proliferation of books, the protection of identities and the general atmosphere in which we operate. You are all familiar with the problems we have had with the Freedom of Information Act. There have been some 4,000 requests. We spend 3 1/2 million dollars annually. Many of the requests are on form letters obviously inspired by particular groups, and others are probably from foreigners. We can't always identify the sender because we cannot go beyond the request. We are not overly concerned about the workload -- that is a secondary consideration. The issue is our ability to protect information. Our critics say we have the exemptions that exclude us from responding totally to a Freedom of Information request. We do, but there are several problems with those exemptions.

First is with the sheer volume of requests, 4,000 a year, there are bound to be some errors. Secondly, our judgment is subject to judicial review, and our friends overseas tell us that they trust us, but there are some 400 or so federal judges who have the final say on a release. "How do we know we can

trust every one of those judges," they ask. We have had two cases where judges have overruled us; one that is still pending, the other we managed to reverse on appeal.

Another problem is what I call the mosaic problem. We do not know what other information we release may be the final piece he needs. We held an FOIA symposium not too long ago and a prominent journalist who writes extensively on the Agency -- not always constructively -- said quite openly he uses FOIA documents to get additional information. He takes the document to a former employee and is able to get the employee to fill in the blanks that result from Agency review. Let me caution you against journalists who use that approach. Indeed, I have a message to convey to this group from the Deputy Director of Operations. Before I came here I asked the different Directorates if there were any messages they thought I ought to bring to former employess. The DDO said he had only one, "Please ask them not to talk to journalists."

The problem of books and authors has attracted a lot of attention. I won't go into any detail here because I understand Dan Silver, our General Counsel, is going to talk to you on this subject. Let me make just two comments. One is that there are no friendly books. If a person is going to write a book, and they have the right to write a book, they should not rationalize it by saying I am going to do something that will help the Agency. Even the best intentioned book raises a number of eyebrows from people who cooperate with us around the world. I have thought and thought and thought about this problem, and I cannot see how you can get a constructive book out of this. Secondly, we are trying to institute procedures for review that are as equitable and as efficient as possible. We can't always be as responsive as people would like us to be. We are not going to censor your books; we are only interested in taking out information that identifies sources and methods. Every time we put someone on reviewing a book, it means we take them off some other function. That is a

zero-sum game much like the Freedom of Information situation. People devoted to processing FOIA requests and reviewing books are not carrying out intelligence functions. We do what we need to, but it may be a little slower than people would like it to be.

The third area is the problem of protecting identities of the people in our Agency. There is no subject on which people in the Agency feel more strongly, nor on which I feel more strongly. We must do something to solve this problem. We have made some progress on cover arrangements. I have testified before Congress on the strides we have made, and I have worked with other departments and agencies. For obvious reasons I cannot discuss the problems here, but cover is not the entire solution. There are of course some on Capitol Hill who argue that all we need is better cover. Those of you here in this room know that cover is bound to erode if you are going to be operationally effective. Cover is not the sole answer, and we see no reason why a group of misguided Americans should be allowed to reveal the identities of our people overseas for the sole purpose of disrupting the activities of the Agency -- activities that have been duly authorized, and, indeed, supported by the Congress. You are all familiar with the risks this puts our people under. But it is more than the problem of risk, it relates to our overall effectiveness. The two or three times I have testified on the subject before the Congress I have asked, "What more do you need to act, another dead body?" I am quite serious about this.

On the bill now under consideration, both intelligence committees voted unanimously in favor. We also got a favorable vote out of the House Judiciary Committee. In the Senate we ran up against some probems in the Senate Judiciary Committee. Hopefully, those can be worked out. Individual senators, particularly John Chaffee, are very strongly supporting us. It is quite clear that if our bill, that is the CIA/Department of Justice bill, reaches the floor in either

House it will pass, and I think it is going to pass in a form acceptable to us. However, we are up against a well orchestrated campaign misrepresenting what we are asking for. One organization has put out a list of 18 stories and books that they claim could not have been printed had the law we are advocating now been in effect at the time. Our General Counsel's office reviewed these publications, and they could find no substance to that allegation whatsoever. The stories could have been printed. The allegations are being picked up by the press, and you have seen the editorials. One editorial after another talks about the CIA stabbing the First Amendment in the back. The Department of Justice has examined the constitutionality of the proposed bill at great length, and they come out with a firm opinion that it is constitutional. We did not get the identities legislation before the recess, but I can assure you when the Congress reconvenes we are going to push harder than ever. There is nothing higher on our priority list.

Finally, let me discuss the general atmosphere in which we operate. We are in the age of the whistleblower and the investigative reporter. We are in an age where documents are widely distributed throughout the government and people talk about openness. All are valid concepts. Investigative reporters and whistleblowers have their role. However, one man's whistleblower is another man's leaker. We have to create an atmosphere in which there is some respect for legitimate national security information. The term national security itself has been discredited for a number of years in this country, but if we are going to survive in the 80s we had better put some content back into it.

I personally think we can solve all these problems in the 80s. The political support is coming. I think we can maintain the quality of our personnel. And, we are going to press just as hard as we can for the protection of sources and methods.

As a non-professional I now just want to end by saying that I have been deeply impressed and privileged to serve in the Agency with a number of talented men and women. Some of them are here in this room. We can build on that strength and on the contribution that all of you have made. The role an organization like AFIO plays is important. People in the Agecy respect you -- they look to you for advice and moral support. You can also help educate the public on the importance of intelligence and on the concomitant importance of protecting the information that we gather. You have served your country well, and I know I can speak for all those still in the Agency when I say we are proud to be able to build on the traditions that you established so firmly in the Agency and in the Intelligence Community.

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DEPUTY DIRECTOR FRANK CARLUCCI: Marty mentioned some of the places where I had served. Let me start out by telling you a little story, an incident that occurred to me when I was in the Congo in 1960. Some of you may recall that those were rather tumultuous days in the Congo right after the revolution there. And I had been assigned -- I was a young officer in our embassy. And I had been assigned to serve as an escort officer for three visiting American senators named Gore, Hart, Neuberger. And I arranged for the senators to have lunch at the home of the president of the Congolese Senate, a man named Richard Gorarico. And in those days, you very seldom saw Congolese wives. And as we drove up to the home, Gorarico came out, and he had a woman at his side. And not knowing who she was, I introduced her as his wife.

We went in; we were sitting down; we were having drinks. I was interpreting. Another woman came in, shook hands all the way around, went over and sat down nex to the first one. And Senator Gore turned to me and said "Who's she?" "I don't know. Maybe she's his wife." "I thought you introduced that other woman as his wife." "I said, "I don't know. Let me ask him." So I asked the president of the Senate. And he said "Oh, yes. They're both my wives." With that the interest of the American senators picked up considerably. And he....

WOMAN: Louder. Louder, please.

DEPUTY DIRECTOR CARLUCCI: I don't know if I can turn this up. I'll try and stand a little closer to it.

WOMAN: Thank you.

DEPUTY DIRECTOR CARLUCCI: And he said, "No, now

you must understand that in our country, our customs are very different than yours. For example, where I come from in the Leopoldville district of the Congo, I'm a big tribal chief. And as a tribal chief, I would normally be entitled to five or six wives. But since I'm a Catholic, I have only two."

[Laughter.]

I tell that story because I'm about to bridge the cultural gap for you. My friends in the Congo lived a very different life. And you in the business world live a very different life than we in government. I think it's terribly important that we try to understand each other. I'm sure, I know that you are frustrated with some of the silliness in government. And so am I, by the way. But in looking at some of these things, I think we need to go beneath the surface and look at the reasons behind it. And I'd like to take as the context of my remarks, "Management in Government in the 1980s." And I hope that I can persuade you that we have some major problems that are not just my problems, that are your problems, as well, indeed the country's problems.

Now any analysis of what government is going to do and the demands on it in the 1980s really has to start with the environment in which we operate. And I would argue that in the 1980s foreign affairs, developments around the world are going to drive our governmental process. Just look at your newspapers tonight. Two countries at war. The leaders of both countries publicly state they have no use for the United States. Well, what may happen to the United States? We don't have a functioning embassy in either of those countries. Yes, the flames of that war come perilously close to the Persian Gulf. And the Persian Gulf accounts for 35% of the oil exports to the Free World. It's something we worry about. Further east, we have a Soviet invasion of Aghanistan. If anyone had any doubt about the motives of the,Soviet Union, all they need is to look at what happened and what is happening today in Afghanistan.

But those aren't the only trouble spots, nor the only spots where we are highly dependent on foreign resources for our very existence. Closer to home, Fidel Castro is engaging in adventurism in Central America. A difficult situation. Countries such as Nicaragua, El Salvador, Honduras, very close to our own borders; very close to Mexico, once again a country with enormous oil reserves; the Caribbean islands. Whoever heard of Grenada? A communist island for all intents and purposes today. How many of those islands are trouble spots?

In Southeast Asia, we take a look at Vietnam, supported by the Soviet Union, embarking on a brutal invasion of Kampuchea, Cambodia. It can spill over into Thailand. In

Africa, where Cuban proxies serve the purposes of the Soviet Union, where instability reigns. And then you add to that the increase in terrorism around the world, the problems of nuclear proliferation. What do we do when some of these countries get the bomb? What if Iran, let's say, had the atomic bomb today, or, say, ten years from now, fifteen? What implications does that have?

And then look at our principal adversary, the Soviet Union. And foreign affairs is not a zero sum game. I've described to you a worrisome Middle East panorama. That doesn't mean that it's all good for the Soviet Union. Put yourself in the shoes of the Kremlin: rising consumer expectations; declining economic growth rates; problems with minorities; labor shortages; topping out of oil reserves, and topping out, and probably declining oil production; problems with China; unrest in Eastern Europe. And Poland is a very difficult situation for them, almost, I would say, intolerable. And all this is happening at a time when there are two other major developments in the Soviet Union. One is that they will be at the peak of their strategic power. And we can argue whether it's parity or superiority, but they'll be at the height of their strategic power at the same time that there's a transition in leadership. And we don't really know what the new leadership in the Soviet Union represents.

And all of these troubles for the Soviet Union are not neceassarily good news for us. They spell problems; they spell risks; they spell uncertainty. And when added to the situation around the world, I think I can euphemistically say that the 1980s will be an age of challenge for us, an age when we will be focusing on foreign affairs.

I was absolutely appalled the other night in the Baltimore debates when there wasn't a single question on foreign affairs, and I look at the problems around the world.

It seems to me the implications of what I have said in terms of government management are basically two-fold. One, we in this country are going to have to get some content back in term "national security." National security does not mean cover-up. It's time we outgrew out Watergate-Vietnam complex and recognized that you and the American public do have a legitimate stake in national security, and this is not some sort of fun game where we need to glorify the investigative reporter or grow weaker and to have fun at the expense of our national security interests.

Indded, just a couple of blocks from here, Dupont Circle, there's a group of Americans that are engaged in publishing a newspaper dedicated totally to revealing the

names of our CIA people overseas. We've had one killed. Other people whose names have been in this paper have been attacked, threatened. And they can do this with complete impunity while we subject our intelligence organizations, as the CIA, to Freedom of Information Act requests. We get about 4000 requests a year. They cost you taxpayers about $800 a request; many of them from children, form letters, foreigners. Indeed, under the law, if the Soviet intelligence service wrote us, we would be required to respond in ten days. Well, we can say no, we don't have this information, we're not going to give it to you. But what kind of a charade is this? What kind of an intelligence operation? You can't run an open intelligence operation.

We need to look at some of these basic problems. This is a whole other speech. I don't want to give it. But let me just leave you with this thought. It's a very serious game when you're talking about national security. And when you're talking about the intelligence function, you are talking about our entire defense, because it does no good to spend billions on defense if you don't know where the enemy's going to strike. And we learned that lesson all too well, I hope, at Pearl Harbor.

Secondly, the foreign affairs ramifications are going to mean budget challenges to the U. S. The budget, the foreign affairs budget and the defense budget are going to chew up an increasing amount of the national resources, which means that on the domestic side, relatively speaking, there will be less money in the 1980s. And this comes at a time when our population is somewhat older, somewhat more conservative and somewhat more questioning of government programs. And indeed, in my judgment, they should be. The system of service delivery for domestic programs that was erected in the '60s, stumbled in the '70s, is totally inadequate for the '80s. We're going to have to overhaul it.

Let me list for you some of the problems that I see in our system of service delivery, federal system of service delivery. The first problem is the budget problem. Our federal budget is uncontrollable. Seventy-five percent of the budget consists of entitlement programs. And what do I mean by entitlement programs? Social Security, food stamps, where you can walk in the door, take your money and walk out. There's no control over those programs. And we kid ourselves when we say there's a control over the federal budget. The only way you can control those programs is by changing the program. And what goes on in the Congress, in the executive branch in terms of budget estimates frankly is nothing but a charade.

Secondly, there's a constituent nature about programs.

Let me tell you how a federal program develops. We as a society begin to worry about a particular problem. You read about it in your newspaper. Maybe it's started by journalists. Who knows how it starts. Whether we worry about maternal and child health, or the problem of poverty, the problem of the environment. And as a society, gradually we begin to move. We say we've got to do something about this problem. And we all talk to our congressmen, and we talk to people in the executive branch. The next thing we know we've got a program, put that program out in the streets, get the money out, that'll solve the problem.

Nobody gives any thought to the management of that program, or how that program will relate to other programs that might be dealing in similar areas. We have one narrow goal in mind. The result: overlapping and duplicating programs. When I was in HEW, we had 300 different categorical programs, many of which were overlapping. I counted some 15 that dealt with the mentally retarded, all with a different set of factions and regulations. Indeed, Martha Griffiths, who when she was in Congress did a study on this, found that in ghetto areas there were as many as 18 or 20 poverty workers working with a single family, all from different programs. Well, I often thought if you could just take the salaries of those poverty workers, the family would be out of poverty. They can't relate one to another. Why? Because that constituency hardens. It hardens into what has come to be known in The Washington Post, for those of you who've lived in Washington for a long time, as "the iron triangle," that link between the lobby group, the staff group on the Hill in that particular committee and the staff in the program. And they all have a vested interest in continuing the program. Once you put it on the street, you can't change it.

That is very much tied in with the next problem I would offer up, and that is the committee system on the Hill. Federal agencies are required to report to committees. On oversight commitment, when you get up to reporting to ten, twenty or thirty committees, each with a vested program interest, you can just imagine how that complicates your problem, particularly with proliferation of staff on the Hill. There were some 6500 staff people in 1960, about 38,000 in 1979, all with their own questions and their own requirements.

And then we have the lack of clear program goals. And a single manager can't manage. How do you deal with a program -- I was managing one that said eliminate poverty. How do you measure performance against that kind of a standard. I could change the definitions and the statistics all around and prove to you that I'm doing a great job or a lousy job as I saw fit. The congressional process, as some in this room know better than I, is a process of compromise. And when

you bitch about the regulations that are put out by the bureaucrats, take a look at what's expected of the bureaucrats. The Congress can't resolve an issue, so therefore they compromise it, put the bills out. And the executive branch is asked to put the regulations out. So the bureaucrats have to deal with the general public on an issue that the Congress couldn't solve. Hence, the complications of the regulation writing process.

Finally, there's the way we are organized. And you are businessmen. How would you like to have sixty different agencies reporting to you directly? That's the task the President has. And the same people, those that are arguing in favor of more agencies, are those that are telling you you have to cut down on the White House staff. It follows a pattern. The programs are fragmented; the organizations are fragmented.

I can remember a number of years ago I was up testifying on the Hill on bilingual education. And the first question from the chairman of the committee was "Mr. Carlucci, don't you think we ought to have an assistant secretary for bilingual education?" And I said "Well, Madame Chairman, we haven't decided whether we should have a program yet. Don't you think we ought to decide on whether we should have a program, what the goals of the program should be, and then decide where it ought to fit in the organization?"

Several Presidents, President Nixon, President Carter, tried reorganization of the federal government. It was blocked. Why? Well, because you can't reorganize until you deal with the program structure, until you deal with the constituencies, until you make up your mind if you're going to have mission oriented government rather than government by advocacy, which is the antithesis of good management.

[Applause.]

So much for the structural problems. Let me go on to some more mundane matters and talk to you about the day-to-day problems that we as government managers face. Our personnel system compared to the personnel systems you have: we can't reward good performance, and we can't fire non-performers. We're stuck.

Now finally the Congress and the executive are coming to recognize this program, and there's been an effort to create something called the Senior Executive Service this last year, but it's been a holding effort. It's been met by some hostility. I think it's a promising start. We need to look at this more. And we need to look more at productivity measures in the federal government. We're way behind the private sector

in productivity measures.

Our budget system is archaic. We can only budget on a year-to-year basis. In many cases, our limit isn't money. In your firm, I dare say they give you money and tell you to go out and manage. They give us money and divide it into small pots. We have to go back to the Congress to change from pot to pot. And then they put controls on personnel. And you'll hear the politicians talk every day about cutting down the number of federal personnel. Sounds good. I'll tell you what they ought to be talking about: cutting down the expenditures. I can easily, as an experienced federal manager, control personnel and let the money go out the window. It's a silly way to try and control government.

Then we have something called a contining resolution. Some of you who may have been in Washington a couple of days ago would have noted that the government was out of business because the Congress didn't vote the money. They didn't vote the appropriations, and they didn't say you could continue in business. And, yes, sure it's silly, but there's a hell of effort put into this. And then it will be next December, November or December before we get our appropriations, before they tell us how much we can spend for a year that ends next October 1st. Can you spend money sensibly during that period?

Common decision points in our federal programs. You see it in your local communities. One agency, Transportation, could make a decision at one level; another agency has to go -- HUD -- has to back to Washington to make a decision. There's no common decision point so that the programs can relate to one another. And nobody is seriously looking at that kind of an issue.

Automatic data processing. We've got a system in government, and it is by statute, which frustrates any effort to introduce ADP. Under the procurement regulations, it takes anywhere from four to seven years to introduce new equipment, and by then it's obsolete. And that's a problem that can touch your everyday lives. I took a check today and I found that the FAA's aircraft components are still using System 360 computers that are 15 years old. A troublesome problem.

Finally, I would give you what in my judgment may be the transcending issue in government management in the 1980s. And that was the quality of our people in government, the question of excellence. How would you run your business if everybody from the middle management level on up to vice president made the same salary, in this case $50,000 a year, if your people were constantly attacked in the press and by politicians, characterized as indolent, inefficient, lousy bureaucrats, if you had petty harassment -- keep your thermostat at 80 degrees in the summer, shut off the hot water.

We don't have hot water. If you serve overseas, you're subject to threats, assassination and evacuation. If your retirement system once you become vested paid you more if you retired than if you stayed in. And it does. And if every four years your whole top management changed completely, with no idea of what the next group of fellows is going to bring. I ask you how long could you retain your top management cadre.

Well, the answer's obvious that it's happening in the federal government, and it's going to be a big problem in the 1980s. There was a survey done in the Foreign Service, which indicated that some 48% of Foreign Service officers are thinking of leaving; some 60% of the people at the senior level. And the politicians like to joke about the Civil Service. But their joke could become a self-fulfilling prophecy. The stakes are high.

I myself think we can overcome these problems. I don't mean to paint a depressing picture.

[Laughter and applause.]

But I can't overcome them. Federal employees can't overcome them. Only you can help cope with them.

When I first came into CIA, I had a group come into me and say they were to change congressional attitudes on the Hill towards the CIA. I said, "Oh, that's interesting. How are you going to do that?" And they said "We're going to go up and talk to our congressmen." I said "Forget it. They're not going to pay the slightest attention to you. They're going to pay attention to people out in their districts." And that's what needs to happen. It's your government. You have to live with it. I've given you a frank assessment as an insider. But I can't do more than that. And I'm content tonight that I've given to you, as responsible people -- and I've talked to a number of you tonight, and I know you are -- some food for thought to take back to your communities.

Thank you very much.

[Applause.]

Q: Might I ask your opinion of who leaked the Stealth information?

Q: What was the question?

DEPUTY DIRECTOR CARLUCCI: What's my opinion on who leaked the Stealth information?

I've had enough experience with leaks not to have

an opinion. The first one that I catch I can tell you I'm going to fire. And quite frankly, I felt so firmly about some leaks in government the other day that I went down and voluntarily took a lie detector test and asked my senior staff -- my senior staff that they take a lie detector test, and all did. And that impression is spreading that we are a government that leaks information. We're the laughing stock of the world. And I don't care whether it's the Congress or the executive branch. They can throw rocks at each other. It doesn't make any difference. We need to get back, as I said earlier, to a concept of national security where people don't abuse the information that can protect the safety of our citizens. And whoever leaked that information performed a highly irresponsible act, in my judgment.

What we need -- and I would stress this point -- it is an essential responsibility throughout the government, such as we had a number of years ago. Now I don't want to go back to the "good old days." I'm not arguing that. But I do think that the climate is terribly important. And while you can't catch these people, you may be able to inspire people not to abuse the information that they're entrusted to keep.

[Applause.]

Q: [Question inaudible.]

DEPUTY DIRECTOR CARLUCCI: The question refers back to a statement I made if we don't know what the new leadership in the Soviet Union is like. And the question was if you don't know, who does. And is this a serious problem?

I was referring to a specific problem, the problem of leadership transition in the Soviet Union. Certainly we have intelligence information on the Soviet Union. But as a Western power -- indeed any Western power has very little information on that obscure political figure in Uzbekistan, or the Ukraine, who might suddenly rise up after the gerontocracy passes in the Soviet Union and be the next leader. You can't -- you can't keep track in a society that large of the vast number of potential figures. It's not a process where you can spot a rising young politician in the halls of Congress. You have to look at the guy who's going to be able to wield the levers of power behind the scenes.

But even if we did know who the individual who might come up four or five years from now, mind you, we don't know what his cultural and psychological background might be. By that, we're moving through the first Stalin

generation, the first World War II. Whether they will be conservative, like I think the current leadership is, or prone to take risks is very hard to tell. It's that kind of thing that I was referring to, not particular intelligence on the Soviet Union.

Q: A report this week in the Kiplinger Letter, which is very responsible, I think, quoted the Russian leaders as saying that on or before 1985, maybe 1983, they will be in a position to knock us out militarily, and there's a serious question of whether we'll be able to retaliate effectively.

DEPUTY DIRECTOR CARLUCCI: Well, it's not appropriate for me in a public forum -- the question is whether, in 1983, the Soviets could knock us out militarily, or whether we can retaliate effectively. The answer is that there is no simplistic formula for this. You can't answer that question in those kinds of simplistic terms. There is a conflict equation that relates to strategic forces, to conventional forces, to what your allies might do, what the Warsaw Pact might do, what NATO might do, what the tactical situation might do, what conditions might lead to war. Those kind of predictions are of little value.

And having said that, there is no question that the Soviets are devoting far more resouces to defense than we have, something like 12% of their gross national product compared to four or five or six percent of our gross national product. And over the course of the last ten years, they've probably put 30% more into defense expenditures than we have. And they'll be at their peak period in the mid 1980s. We have substantial destructive capability on our side. They have substantial destructive capability on their side. One can talk about general parity. I really would not go on any further than that. I don't think your military analysts would go much further than saying there's some dangerous situation there before we move ahead.

It's quite clear that this country is going to put more resources into defense -- MX, whatever it is. And that won't come on stream until the late 1980s. So you can say that there may be a difficult period in the mid 1980s. But I think it's scare talk to say they can knock us out in 1983. I wouldn't buy that.

Q: [Question relating to U. S. support for the Shah. Question inaudible.]

DEPUTY DIRECTOR CARLUCCI: Well first of all, we couldn't have kept him alive. My own judgment is that the Shah situation was probably irreversible about mid 1978 or '9, the late 1970s. And it's not clear to me what you could

have done. The Shah had a unique style of rule. He did not like to mix it up with the politicians. He wanted to be aloof from the politicians. How you change a personality and say "Look, you've got a political problem, you know; go down and mix it up with the politicians." It's very difficult for me to see how you could have done that.

One can argue about what the strategy might have been in the later days. But I think the result was pretty inevitable.

One can also say "Why didn't we know more about it?" And we didn't do as bad a job as the press would have you believe. But I'm frank to say that I think we could have done a better job, particularly in our analysis of social trends, the religious movement. It's somethig that we've put increasing emphasis on since Iran. I've been personally involved in it. And I hope that we'll do a better job.

But an intelligence organization is not in the business of predicting coups, although we also have a good grasp of trends. And what we need to do is put more emphasis on social trends in different countries.

I'll take a question back there.

Q: You're a bright, educated, articulate human being.

DEPUTY DIRECTOR CARLUCCI: Thank you.

Q: You apparently would be a success in the private sector. Some of the conditions you described, which are getting worse -- all right -- would lead many to leave. What motivates you to stay with it?

DEPUTY DIRECTOR CARLUCCI: I came out of a sense of idealism, to be quite honest with you. And I felt through the years a sense of accomplishment. But to be equally honest, I think it's becoming harder and harder in government, particularly in the last four or five years, to get from here to there.

We've structured a system where we can talk about waste and fraud, you talk about inspectors and you talk about oversight, and we glorify people engaged in those functions, but we don't pay much attention to the guy who does the job. And the guy who does his job finds himself surrounded by ten over-the-shoulder watchers, many of whom are necessary. All these are required to function. What I'm saying is we have to have a proper balance -- over-the-shoulder watchers, regulations, statutes, congressional

committees. People are losing that sense of accomplishment. And for most people in government I know the monetary reward doesn't mean a lot. We don't like to see our real incomes go down at the rate of 10 or 12% a year, and that's pretty frustrating. But more important is that sense of accomplishment. And it's getting harder and harder to get that psychic reward in government.

Now whatever administration comes in -- I don't care whether it's Republican or Democrat -- I think sooner or later is going to have to cope with that problem.

Yes, sir?

Q: Mr. Carlucci, going back to your original point about intelligence, there's a book on the Best Seller list today called Spike, and I'm sure you've heard of it. I don't know how many people in the audience have read it. It's a novel, and because it's a novel it doesn't always name names and identify individuals. But it does a very interesting job in pointing out in a rather veiled way certain institutions here in Washington, including the State Department, including a couple of foundations, with references to various publications that, taken all together, show a really threatening, fearful picture of the penetration of American institutions, political, business, legislative, presidential by the Soviet KGB.

Again, remembering it's a novel, fiction, and that the authors, who incidentally are highly reputable correspondents, one for Newsweek, one for the London Times, and have been so for many years, and presumably have used their expertise to build this fiction. My question: how much effect and what is the attitude in the intelligence community toward this novel? The name of it is Spike. Those of you who haven't read it, you may wish to look into it. And I'm not the press agent....

[Laughter.]

DEPUTY DIRECTOR CARLUCCI: I happen to be a good friend of one of the authors, Arnaud deBorchgrave, and I have a lot of respect for him. And I think he's pointed up a very real threat to our country. At the same time, I wouldn't want to leave you the impression that the KGB is pervasive, that we have a bunch of moles running around in the CIA; the White House is penetrated, and the press is penetrated.

The institutions are, in my judgment, susceptible. And that is the lesson, it seems to me, to be drawn from the novel, that we have to worry about these kinds of problems.

it gets back to something that I said in my opening remarks. We have to worry about national security. We're so obsessed with whether the CIA and the FBI are violating our rights that we sometimes ignore the vulnerabilities of our society to the highly effective and efficient KGB. Sure, they use disinformation. If we were to engage in disinformation, the CIA, under congressional statute, we would have to have a meeting of the NSC, a presidential finding, and brief eight committees of Congress. That's 300 members of Congress, telling them about any kind of disinformation effort. That statute is now being changed. I think by the end of this week it will be reduced to two committees, because even the Congress recognizes the problem exists.

But there was considerable feeling in this country in the late '70s that we couldn't engage in disinformation, because there would be feedback in the U. S. press, and this would be deceptive to the U. S. public. So the prophylactic, the remedy may have prevented us from doing anything effective against a very substantial adversary.

At the same time, I would not argue that we should weaken our own institutions for the sake of imitating the KGB. I think we have to be very judicious in what we do in this area.

But intelligence -- to answer your direct question, the intelligence community -- we get so many books that we don't react to one or another. But I think it's overdrawn, but it's a threat that we all worry about.

You've had your hand up.

Q: Yeah. I'd like to know when you all are going to do something about these so-called Americans that are disseminating information about CIA throughout the world. I think it's about time that you all take some actions that have been attributed to you in the past.

[Laughter.]

DEPUTY DIRECTOR CARLUCCI: I have taken a lot of actions. And I have personally testified, I would say, at four or five times on the Hill on this subject in open and closed sessions. I have said that the failure of the Congress to act is outrageous. I have said pointblank "What do you need? One more dead body, or are you going to act?" And that's what we're liable to have is one more dead body.

It is not a joking matter. And these people, in my judgment, are traitors. They are seeking to destroy an institution which has been authorized by the executive, by

the Congress. And they make no bones about it. And they do so under the guise of First Amendment rights. And they get substantial support, I must say, from the press, which, in my judgment, has distorted the issue. We're not proposing anything unconstitutional, but we are proposing that a pattern of activity with the intent to impede or impair -- revealing names with the intent to impede or impair intelligence operations of the U. S. government should be illegal. And we got that bill through three committees of Congress. It's now in the fourth committee. I'm doing everything we can -- we are doing everything we can to deal with this problem within the U. S. constitutional structure.

MAN: Don't worry about that.

[Laughter.]

DEPUTY DIRECTOR CARLUCCI: I'll take one more right back here.

Q: How can we help? How can we fund something like this? We believe. You're in a very favorable group here. How can we -- what can we do?

DEPUTY DIRECTOR CARLUCCI: I leave that question to your expert here. Let him take it from here. I've got certain laws that I can't transgress.

Q: I think my question follows up on that. You know, we don't have [portion of question inaudible]. But what is your recommendation on what we do? What action can we take? We vote. We donate a little money....

[Rest of question inaudible.]

DEPUTY DIRECTOR CARLUCCI: I've got to beg off on that question, because I am a civil servant, a presidential appointee, and I can't really tell you how to carry out whatever lobbying activity you might want to carry out.

[Laughter.]

And I defer to your experts. And on that note, I say no more.

[Applause.]

[End of Q&A session.]

PUBLIC AFFAIRS STAFF

DEPUTY DIRECTOR FRANK CARLUCCI

Interviewed by ABC News correspondent Brit Hume

22 May 1980

Approved For Release 2003/04/02 : CIA-RDP91-00901R000100180003-8

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4 2 Interviewed by ABC News correspondent Brit Hume in Carlucci's OFFICE AT HEADQUARTERS

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(1)

MAN: May 22nd, 1980. Headquarters Building, DCI Conference Room. Brit Hume, ABC TV, interviews DDCI Carlucci for a special ABC is producing for the nightly news in two segments on CIA and the charters.

BRIT HUME: Okay. Are you all settled now? All right.

I would just like to ask -- a lot of things seemed to be about to happen a few years ago. Major reforms seemed inevitable. New charter legislation for this agency seemed to be practically sure of passage. And here we are four years or more later and those things have not come to pass. Can you tell me why?

DEPUTY DIRECTOR FRANK CARLUCCI: Well Brit, I think I disagree a bit with your thesis.

[Off-mike comments.]

HUME: Go ahead.

DEPUTY DIRECTOR CARLUCCI: Brit, I think I disagree a bit with your thesis. It seems to me that a lot of significant changes have taken place in the past four years. The President has issued an executive order regulating the activities of intelligence agencies. And as you know, an executive order has the force of law. An Intelligence Oversight Board has been established. Intelligence oversight committees have been established on the Hill, select committees, very capable committees in both the Senate and the House. And finally, the agency has taken a number of steps to strengthen its internal management control. We've built up our Office of Inspections; built up our audit system; built up our general system of accountability; and built up our system, internal system of reporting to the President and cooperating with

other agencies who have an interest in intelligence activities.

HUME: Well, what I meant to say -- I didn't really suggest that nothing has changed, nor did I mean to suggest that the agency had not changed. What I was trying to get at was that there seems to be a kind of a political climate in which legislation of a major kind affecting the agency and changing the agency by that course seemed inevitable as a result of circumstances and in terms of the atmosphere that had been created. And no such major legislation has been forthcoming. And there are now very many people who don't believe that it should and believe indeed that, if anything, the restrictive measures that have been taken by law, some of them, should be lifted. And what I was really trying to get you to address yourself to is the question of what has brought about that change in public and, I think, in congressional attitude?

DEPUTY DIRECTOR CARCLUCCI: Well, I don't know that I'm really qualified to talk about congressional attitudes and public attitudes. We have tried to conduct the agency in a responsible manner, in a way that will help to instill confidence in the agency and confidence in the very many dedicated people that perform very difficult tasks here and overseas. We in the agency favored major charter legislation which would lay down the ground rules for our activities so that our people, who do take risks in the interests of their country, would know exactly where they stand.

If you go back to the Pike Committee hearings and the statements by Senator Inouye, the highly respected first Chairman of the Senate Oversight Committee, you find that the criticism of the agency was that, if anything, it was too responsive to direction from above, including Presidents. If that's the case, then a statutory base can only be helpful to our people in telling them where they stand.

Hence, we were pushing very hard for charter legislation, And we're disappointed that it has not come to pass in this session.

HUME: Now there are some measures that in lieu of, or in addition to charter legislation that you and others have urged. One of them, for example, has to do with making it a crime to disclose the identities of agents....

DEPUTY DIRECTOR CARLUCCI: That's correct.

HUME: ...not only applying to those who release the information, but, in one form of the legislation, to those who make use of it. And I gather that you and others feel quite strongly about the need for that. Could you elaborate on that?

DEPUTY DIRECTOR CARLUCCI: Certainly we do. We see no social value whatsoever in revealing the names of CIA personnel

overseas or in the names of agents. We don't think this helps the oversight process. It doesn't make us any more accountable. The Congress, our oversight committees are the proper forums in which we can be held accountable.

This kind of activity is only directed at destroying the agency's effectiveness, and, indeed, it can be fairly said that it puts the lives of some of our people in jeopardy. Nobody wants to deal with a CIA officer whose name appears on the front pages of the newspapers. The essence of the intelligence business is the ability to protect the information that you get and your ability to protect the identity of people who give it to you. And nobody is going to have any confidence in our ability to protect them if our names appear in the newspapers.

Hence, we do feel quite strongly about this.

HUME: Now, I gather that there's also a considerable feeling that you should have an exemption from the Freedom of Information Act.

DEPUTY DIRECTOR CARLUCCI: We have asked for a partial exemption from the Freedom of Information Act. We would not exempt ourselves from first person requests, so to speak. That is to say, if you want to know what is in your file, we would continue to be responsive. We would also continue to make our finished product subject to the Freedom of Information process.

What we are seeking exemption for is the names of our sources and our methods, that highly sensitive information, which, once again, serves no real purpose in the public domain and, if revealed, undermines the very effectiveness of the agency.

The Freedom of Information Act has come to be viewed as somewhat of a symbol of the U. S. government's inability to protect the information given to it in confidence. We think we have to deal on a partial basis in a responsible way with that problem.

HUME: When you say it's one of the symbols, would you explain what you mean by that?

DEPUTY DIRECTOR CARLUCCI: It is generally perceived around the world that the United States government cannot protect the information that is entrusted to it. And much of that inability is attributed to the Freedom of Information Act.

Now granted, there are certain provisions in the Freedom of Information Act that enable us to withhold classified information. But it's very difficult to convince somebody, say, in a communist area who sees volumes of material coming out under the label of Freedom of Information Act, that something he gives us

that might be traceable to him won't also come out under that act. This is particularly the case since, as you know, our decisions are subject to judicial review. And while other services and our agents can have confidence in us, they can't -- nobody can predict what one of 400 federal judges might decide with regard to Freedom of Information lawsuits.

HUME: So what you're saying is, in effect, that while the Freedom of Information Act, as it's written, does not actually enable anybody to get ahold of the identities of sources or to disclose other classified information, that it is perceived -- that it is so perceived around the world by people in communist countries or elsewhere?

DEPUTY DIRECTOR CARLUCCI: It is so perceived around the world. I don't know if people have actually gotten ahold of sensitive information through the Freedom of Information Act, because obviously they're not going to let us know if they do. Also, there is a fairly standard technique in the counterintelligence business of putting together bits and pieces of information. We can't go beyond the request. That is to say, we can't ask who the requester is or what his motive is. Therefore, we don't know if that little piece of information that we give out is the final to the mosaic that could enable someone to track down a source of our information.

So I really can't answer your question.

HUME: Now, is it your view -- I gather that one of the things that the agency would like as well would be to limit the number of committees to which it must report in Congress and to which it must make disclosures of its activities. Why?

DEPUTY DIRECTOR CARLUCCI: Well, first of all because we feel that our two select committees are doing a very effective job. Just two hours ago I came off of a hearing with the Senate committee, where they went over a range of issues. Those are carefully picked committees, highly responsible congressmen and senators. They are congressmen and senators who serve on other committees, including the Foreign Relations Committees, including the Appropriations Committees. We think it's appropriate that we keep them informed. And they can inform their colleagues, as appropriate.

For us to be required to go to some seven committees on covert action operations, that is clandestine operations designed to influence events around the world, violates one of the basic principles of security. I'm not saying that the Congress leaks. Certainly leaks come out of the executive branch and the Congress. Our objective should be to cut down the access to information to the smallest number of people who need to know. And the Congress has decided that the select committees are the appropriate bodies

to exercise oversight.

HUME: Yeah, but the Congress is still -- you're still faced with the situation where you still have to report to all of these committees.

DEPUTY DIRECTOR CARLUCCI: Yes, we do currently.

HUME: Do you contend that the number of committees to which you have had to report on these activities has, in fact, resulted in leaks?

DEPUTY DIRECTOR CARLUCCI: I contend that it is unnecessary to report to seven committees, since these committees are represented on the select committees. And I contend that it is a violation of good security practice. I'm not levelling accusations of leaks at the Congress or the executive branch. Leaks come from everywhere within our government. I think that's a rather sterile argument. I think we need to cut down on access to information generally, intelligence information generally in the executive branch and within the Congress, consistent with the need for effective oversight.

HUME: Now, is that also partly the result of your concern with this worldwide perception of this agency and its....?

DEPUTY DIRECTOR CARLUCCI: Perception is indeed a problem. I indicated the concern for good security practice. But the intelligence world is largely a world of perceptions. Whether a person gives you information or not depends on how he perceives your ability to protect that information, not how you perceive it. It's important to bear that in mind.

So we need to deal with these perceptions if we're going to continue to be an effective organization.

HUME: There seems no doubt that the case that you have advanced for the [words inaudible], quite apart from the issue of the charter, has been persuasive to a great people on Capitol Hill, and elsewhere as well. Why do you think that is?

DEPUTY DIRECTOR CARLUCCI: Well, I would like to think that our arguments have merit. I myself have testified a number of times on these issues. And I think we have created some understanding of our problems.

HUME: Obviously you're quite right. These arguments I'm sure, do have merit. What I'd really like to get to -- let's compare 1976, or mid 1975. I think that the same arguments could have been advanced then. I think you'll agree that they might have been differently received, even by the same people. So what I really wanted to get at was the question that something has changed. What

has changed?

DEPUTY DIRECTOR CARLUCCI: Well, I think the main thing that has changed has been the existence of an oversight mechanism on the Hill. As the committees have looked at the agency, as they have scrutinized our activities, as they have made suggestions, as they have altered appropriations, they have found that we have been responsive to their desires, by and large. We don't always agree, but where we disagree, it's been a healthy disagreement. I think they've come to appreciate that the agency does consist of people who are dedicated to the principles of this country. And I would hope that they would perceive that the agency is being led in a responsible way.

And not only do we deal with our own oversight committees, but, of course, we testify before appropriations committees; we appear before foreign relations committees, and we appear before a number of other committees on the Hill. I think it's also fair to say, of course, that the current international climate has created a greater awareness of the importance of the intelligence function. And people want to see that function carried out in an efficient, as well as a responsible way.

HUME: Do you think that the question of perceptions that you raise, the threat of disclosure that you must make in terms of the number of committees on the Hill and the existence of the Freedom of Information Act here affecting your organization has had a measurable impact on the work product of the agency?

DEPUTY DIRECTOR CARLUCCI: Let me say this. I believe that we are still the most effective intelligence organization in the world. We are doing our job. That's not to say we don't make mistakes. Everybody makes mistakes, and we try to correct our mistakes and do better the next time. But we are indeed effective.

How much more information we could collect if we did not have these problems is anybody's guess. Somebody does not come to you and say "I won't cooperate with you because you have a Freedom of Information Act." He just decides that he won't, he or she won't have any contact with you. But we have had enough cases where people have expressed concern, including other intelligence services, to make us very aware that this perception is not allowing us to be as effective as we might otherwise be.

[Off-mike discussion.]

HUME: There are those who feel that part of what's at work here in the agency's urging that these restrictions be lifted is -- part of what's at work is a desire to diminish the amount of accountability that you have to have, that really it would simplify your life. Do you agree that that's a factor?

DEPUTY DIRECTOR CARLUCCI: No. No, I would not agree. We want better accountability. We think that accountability can be achieved through the oversight mechanism on the Hill, through the Intelligence Oversight Board, which consists of three distinguished Americans and has total access to all of our activities. But we believe that there are some measures that are called accountability measures, but which really aren't accountability measures. There's no way that the intelligence organization can be made accountable, for example, through 4000 Freedom of Information requests. Those requests come from a select group of people. They are not broadly based. A number of them come from foreigners. We think that proper accountability is the issue, not the shotgun approach to accountability.

HUME: I'd like to raise a personal case, not because it matters to me, but because I happen to know about it. A Freedom of Information Act lawsuit, to which I was not a party, disclosed that I was one of several Americans who was the target of a covert domestic spying operation back in 1972. If that suit had not been been filed -- and I didn't file it and was not a party to it -- I wouldn't know about that.

Do you think it's desirable that I know about that? And what would you -- how would you deal with a situation like that?

DEPUTY DIRECTOR CARLUCCI: Well, I certainly think it's desirable that this agency not be involved in so-called spying on Americans. But I think there are times when it may be necessary to collect some intelligence information on Americans, but there ought to be controls. Such controls were built in to the charter legislation that we were supporting.

Don't forget the period that we're talking about was the period that preceded the creation of oversight committees on the Hill. My understanding -- and I wasn't here at the time -- is that most of the abuses that were attributed to the agency were developed by the agency's own inspection mechanism and with I think one major exception, very few -- with one major exception, were not uncovered through the Freedom of Information Act. But in any event, the important point is that we do have a different oversight mechanism now. And for whatever value the Freedom of Information Act might have served as an oversight mechanism, we now have something in place that's more effective.

HUME: Are you suggesting that if something like this were to happen in the future, that I could expect the House and Senate Intelligence Committee to tell me about it?

DEPUTY DIRECTOR CARLUCCI: Oh, I think you could expect them to find out about it and put a stop to it. I certainly think....

HUME: What about -- what about a citizen, a citizen abroad

or a citizen in this country? How would he know about it? How would....

DEPUTY DIRECTOR CARLUCCI: Well, bear in mind....

HUME: Or should he know?

DEPUTY DIRECTOR CARLUCCI: No, but bear in mind....

HUME: Maybe he shouldn't know.

DEPUTY DIRECTOR CARLUCCI: Bear in mind what I said earlier, that we are not seeking exemption from first person Freedom of Information Act requests.

HUME: I understand.

DEPUTY DIRECTOR CARLUCCI: That is to say, if you want to know what's in your file, under our formulation, you would still be entitled to receive it.

HUME: I know, but if you happen to know that there is a file. I had no idea. I had no way of knowing. I don't make this into an argument. I think -- the only point I'm making is that, is there not something to be said for the idea that the Freedom of Information Act does indeed act as a check of a sort in that things can -- things can end up becoming discovered by citizens indirectly that they would not otherwise have any way of knowing.

DEPUTY DIRECTOR CARLUCCI: Well, if you want to write in and say "Let me know what's in my file," we have to respond.

HUME: I understand that. That really doesn't answer my question.

DEPUTY DIRECTOR CARLUCCI: Then I'm not sure I understand your question.

HUME: Well, I'm simply saying that, does not the existence of the Freedom of Information Act and its processes indirectly serve the purpose of letting the people know what may be happening with regard to them that they would not otherwise know or even know to ask?

DEPUTY DIRECTOR CARLUCCI: Well, we agree that that desire ought to be accommodated to the extent that it does not interfere with our ability to protect our sources and methods. Again, let me emphasize that we're not seeking a total exemption from the Freedom of Information Act. We want to make as much information available to the public as we can. Indeed, we put out approximately 150 unclassified publications a year. We think this is healthy.

All we are seeking to do is protect that information which needs to be protected by the very nature of the intelligence business.

HUME: Now do you endorse the proposal that would make it illegal not only for the identities of the individuals working for the agency to be disclosed, but also would come down as well on those who use that information, even the news media?

DEPUTY DIRECTOR CARLUCCI: Well, where the information is legitimately classified and the person knows that it's classified, we would favor making that a criminal offense where it pertains to the identities of CIA people and our agents overseas. Once again, we see now useful purpose in revealing the names of our people.

HUME: You don't have a problem with that in the First Amendment?

DEPUTY DIRECTOR CARLUCCI: Well, this has been looked at extensively by the Justice Department. And it's basically their formulation. Certainly there are First Amendment issues involved in any legislation of that sort, and we're very conscious of it. And we tried to frame it so that we did not interfere with First Amendment rights.

HUME: Well, you've said much here, and others would certainly concur with what you say, to the effect that the agency has done a good job within its own house of trying to set about to correct some abuses that may have existed in the past. Would it be your view that the agency today, as an intelligence agency, is functioning more or less effectively than it did prior to whatever day you'd begin the time of the great revelations?

DEPUTY DIRECTOR CARLUCCI: Well, I wasn't here at the time, Brit, so it's very hard for me to comment. My general impression is that we are functioning as effectively as we have ever functioned in our history. I think this is a good organization. We're getting good intelligence. But as I said earlier, you can always get more; you can always do the job better. And what we are seeking to do is to get the necessary tools to do the job better.

HUME: Would you -- there has -- there is almost a slogan that has emerged in connection with the discussions over what should be done regarding the agency that goes something like "unleash the CIA," "unshackle the CIA." How do you regard that? Do you have mixed feelings about that?

DEPUTY DIRECTOR CARLUCCI: We don't look upon ourselves in canine terms, and we don't look upon the measures we are seeking as unleashing us. We simply like to be -- we want to be able to carry out our responsibilities in an effective way, a wayt in which

we're also accountable.

[Momentary break in recording; end of Side I.]

HUME: How do you feel about all of these cries -- and they're quite widely heard -- that the CIA ought to be unshackled or unleashed? And obviously these are people who are sympathetic to your cause. How do you regard this, all this hue and cry?

DEPUTY DIRECTOR CARLUCCI: Well, I don't know if there's a hue and cry. But we don't favor an extremist approach one way or another. What we favor is doing our job efficiently, effectively and in an accountable way. And we think we can strike a balance between effectiveness and the necessary guarantees for civil liberties. We think a charter would do this. And we continue to favor an intelligence charter.

HUME: I think that that probably covers the territory, unless there's something that I don't doubt that you'd like to comment on that I may have missed.

DEPUTY DIRECTOR CARLUCCI: You covered the waterfront.

HUME: I've occasionally asked that of people and had them then say that's the only truly relevant thing that has been said, because I've not been smart enough to ask the right questions.

So that was a very good interview indeed. If you can stay with us just for a second.

DEPUTY DIRECTOR CARLUCCI: Sure. This will go with it?

MAN: How long is each piece going to run, do you think?

HUME: I don't really know, but we'll have more than the ordinary minute and a half.

DEPUTY DIRECTOR CARLUCCI: What -- you know, what I find interesting is your perception about a -- you described it as a clamor. And I look at Herb Hetu's press clips, and the clamor still seems to be in the other direction.

MAN: Editorial clamor.

DEPUTY DIRECTOR CARLUCCI: The editorial clamor. And I just wonder how representative the press is of the people.

HUME: Well, I came in -- part of my perception stems from being out on the road with George Bush for two months and noting the response to his calls for strengthening the CIA. And he's not talk-

ing about more accountability. Which is not to say that George Bush is an opponent of accountability. What I mean by that is that what he -- the direction of his remarks is clearly toward making the CIA, the agency more at liberty to do what it feels it must and maybe to have fewer reports about it. And boy, I mean that never fails to get applause. That's clearly a -- and certainly -- Terry, you haven't....

[Off-mike comments.]

It certainly is a different set of circumstances than you faced four or five years ago, I mean to the extent George Bush hasn't won this race for the nomination, but he hasn't done so badly compared to some pretty formidable competitors that he had. And it hasn't hurt him at all that he spent a year here and is thought to have done well here. And that's something that he cites with tremendous pride. And a few years ago, that would have been probably a matter that would have caused him trouble politically.

So something has happened politically. Clearly something has happened. Now you make the point that it's become clear on Capitol Hill that you all are more accountable and a more responsible agency. And I don't doubt that that's so, and I don't doubt that that perception exists on Capitol Hill. But really there's a broader climate than that in this world.

DEPUTY DIRECTOR CARLUCCI: Well, you know, I did indicate on tape that the world situation, I think, has had an effect. But there's also something that I'm not in a position to talk about, but you are, and that's the more conservative mood in this country that's illustrated by the Reagan campaign, and I think everybody generally acknowledges it. I think it probably has some bearing on it. It's hard to measure.

HUME: Yeah, I think it's fair to suggest that the public would think that, "Boy, that CIA, they might have been some roughnecks in the old days, but they would have fixed the Ayatollah's wagon."

DEPUTY DIRECTOR CARLUCCI: That's a simplistic approach.

HUME: Oh, no doubt. But I think that's probably -- they would like some way they could settle the ash (?) of the ayatollahs of the world.

[End of recording.]

PUBLIC AFFAIRS STAFF

Federal Executive Institute's Executive Development Day Dinner

An Address by Deputy Director Frank Carlucci

Washington, D. C.

Thursday, March 27, 1980

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CHAIR: Thank you very much, Ron.

I'd like to use two themes tonight in introducing our distinguished guest and our speaker, Frank C. Carlucci. The two themes are versatility and humanness. And in my mind, they apply both to Frank and to the subject of his talk tonight, which is called "Federal Career Management in the 1980s," for, indeed, management in the 1980s I think will require a great deal of versatility and a great deal of humanness.

First, as to the versatility of our speaker, and he has an amazing breadth and depth of experience, as you will readily acknowledge, I think, as I read off some of the positions that he's held. Frank was sworn in as Deputy Director of Central Intelligence on February 10, 1978. He's a native of Scranton, Pennsylvania and graduated from Princeton in 1952. He was a lieutenant, JG, in the Navy from '52 to '54, attended Harvard Graduate School of Business and then spent a year with the Jansen Corporation in Portland, Oregon.

Frank joined the Foreign Service in 1956. He was assigned a position as vice consul and economic officer in Johannesburg, South Africa, where he served from '57 to '59, followed by a tour of duty in Kinshasa, Congo, where he was later officer in charge for Congolese political affairs. [In] '64-'65, he was consul-general in Zanzibar, and from '65 to '69, the longest time he apparently spent in one place, it seems like, he was counselor for political affairs in Rio de Janeiro, in Brazil.

Frank had been given a special appointment upon the

completion of his tour in Brazil to go back to school, but halfway through that process got co-opted by a fellow named Don Rumsfeld to join him at the fledgling Office of Economic Opportunity, at OEO, where Frank then served as Assistant Director for Operations. And then between January and September of 1971, Frank served as Director of OEO.

In '71, he was then appointed as Associated Director at OMB and later moved to the Deputy Director slot at OMB. From '72 to '74, he served as Undersecretary in the Department of Health, Education and Welfare, and then under Mr. Ford was appointed by President Ford as Ambassador to Portugal in December, 1974 and served in that position for three years.

Frank is somewhat unique in that he really is a very distinguished minister in the Foreign Service of the highest rank, and yet has held several other positions in the service we're more familiar with. He received many awards -- State Department Superior Service Award and Superior Honor Award, HEW Distinsuished Service Award, Defense Department Distinguished Civilian Service Award; holds two honorary doctorates from Wilkes College and Kings College.

So much for his versatility, though there's a lot behind each of these activities I think which most of you would appreciate. I'd like to talk a little bit about Frank Carlucci, the person. And I did a little checking from people who know him, and believe me, it's quite interesting to investigate someone from an investigative agency, or at least attempt to investigate someone from that type of agency. But I kept hearing phrases from the people I talked to about him, such as "I would work for Frank Carlucci any time, because I know I can trust him." "He's very people-oriented; you know where you stand with Frank Carlucci; he calls them as he sees them" kept coming up. All of these are cliches, perhaps, but all were said sincerely and all were said quite often about this man.

On another side of his humanness, he suffered a severe loss within the past week. His stepmother who reared him from young manhood died. And I know this has been very heavy on his mind, yet he has properly attended to those personal affairs while still meeting his heavy commitments here in Washington, on the Hill, and certainly with us tonight. Our deepest sympathies from all in this room are with you, Frank.

Frank's daughter, Karen, will graduate from Boston University this spring, and he has a son, Frank, who is in a prep school, Wyoming Seminary in Pennsylvania. And I will acknowledge what is very apparent. Marcia Carlucci, Frank's beautiful wife, is expecting an Easter child, on April 6th. Marcia and Frank, you have our best wishes for a successful birth.

[Applause.]

So I take great pride in presenting to our dear friends and alumni here Frank Carlucci.

[Applause.]

DEPUTY DIRECTOR FRANK CARLUCCI: Thank you very much, Ralph, for that kind introduction. It sounds like we'll have to tighten up a bit on security at the CIA, though.

It's a pleasure for me to be with you tonight. And let me say at the outset that the views I will express to you are purely my own. They do not represent those of the administration, and they certainly do not represent those of the CIA.

There is gathered in this room what can truly be termed a natural resource, a natural resource that is too often maligned, that is seldom recognized for its achievements and, if I read you correctly, which is concerned about the future of management in government. Those of you in this room have been prepared well for your responsibilities through your experience at FEI, and I congratulate FEI on its achievements to date, and it has my best wishes for the future.

Tonight I would like to chat with you a bit about management in the 1980s, the trends, the opportunities that I see for us to do a better job, and, lastly, some of the incentives and disincentives with which we will be confronted. But let me say at the outset that I have found federal service a challenging career, a satisfying experience, as I look back at my own past, just the thrill of touring a Headstart center or looking at the accomplishments of a vocational rehabilitation program, or participating in the birth of democracy in a country like Portugal. And there are the humorous moments too. I can remember in my days at OEO when I went to the chairman of my appropriations committee and tried to convince him that his community action agency should be cut back just like everybody else's because it was a matter of principle. He looked at me straight in the eye and he said "Young man, there comes a time in every man's life when he must learn to rise above principle."

[Laughter.]

That community action agency was not cut back.

Or I recall the fun experience I had as a young Foreign Service officer assigned to Zaire, then the Congo, shortly after the 1960 revolution. We had a visit from three United States senators, Senators Gore, Hart and Neuberger. And I was the escort officer. And I had arranged for the President of the Congolese Senate to invite them to lunch. The man's name was Victor Kumereko. And as we came up to his house, Kumereko came out and he had a woman with him. And you very seldom saw Con-

golese wives in those days. And not knowing who the woman was, I introduced her as his wife.

We went in. We were having cocktails; I was interpreting. Another woman came in, shook hands all the way around and went over and sat down next to the first woman. Senator Gore turned to me and said "Who's she?" And I said "I don't know. Maybe she's his wife." He said "Well, I thought you introduced that other woman as his wife." "Well, let me ask him." And he said "Oh, yes, both of them are my wives." Well with that, the interest of the American senators picked up considerly. And Kumereko said "No, no, no, you mustn't get excited about this. You must understand that over here in the Congo, we have a different culture than yours. For example, where I come from, the Leopoldville district of the Congo, I'm a big tribal chief. And as a tribal chief, I would normally be entitled to five or six wives. But since I'm a Catholic, I have only two."

[Laughter and applause.]

To me one of the most satisfying aspects of government service is that we are on the cutting edge of change. We are serving our fellow man. And daggone it, we're doing it well. There are able people in government. The federal government does have good managers, and it needs to keep them. And when we look forward to the challenges that you, as managers, will face in the 1980s, it seems to me we have to look first at the shape of the world and then at some of the developments that will take place in our own country.

In terms of the Soviet Union, there's no question that they have been putting more resources into their national defense than we have. Our attitude is changing. But somewhere in the mid 1980s, there's going to be a problem era. And about the same time the Soviet Union is going to be faced with internal difficulties: a declining growth rate, rising consumer expectations, topping out of oil production and a change of leadership. At the same time, areas like the Middle East will continue to be trouble spots. As long as we're dependent on foreign oil, energy will be a problem. More countries will develop a nuclear capability. Conventional arms will become available more readily. Regional wars are more likely to spark larger conflagrations.

In addition, I see continued Soviet and Cuban expansionism, such as we have witnessed in the past couple of years in Africa, and more recently in Central America and the eastern Caribbean. In short, it's going to be a troubled world. And that kind of world is going to call for more resources and attention. And those resources and attention will come at a time of tight budgets.

On the domestic side, there are certain demographic trends that are familiar to all of us. The postwar baby boom is now reach-

ing the adult years. Our population is becoming older. That means more services for the elderly. But if the past is any guide, it also means a more conservative body politic. That is to say, a body politic that is perhaps more apathetic about government programs, that is looking for less, not more government. At the same time, such a body politic offers opportunity for the special interest groups and the single issue candidates. And we've seen a lot of that in the past year. But at the same time, the budget backlash that we're seeing now, in my judgment, is going to force some kind of a showdown between the special interest groups and those who advocate mission oriented government.

And for those of you in this room who are interested in management, the choice, it seems to me, is clear. You must come down on the side of mission oriented government. Sure, we'll hear the same cliches -- the problem with government is too many people, too much red tape, too much paperwork. But you and I know that these are symptoms, not the root cause. All the Leach amendments, the Bumpers' amendments, all the paperwork commissions in the world won't solve the fundamental problem.

The real problem is single purpose legislation that creates a program directed toward a specific goal without regard to how that program will fit into the overall mission of government or a particular agency, or even how you can measure the progress of that program against a specific set of goals. And I would suggest to you that that debate between special interests and broad mission management will be the single most important management issue of the '80s. And it can only be coped with by an intensive review between the executive branch and the Congress of each legislative program, one by one, to look at the overlaps, to look at the competitive features, and to look at what kind of an organizational structure needs to be established.

Let's face it. Up to now we've had government by advocacy. And government by advocacy tends to thwart good management. We've lived with it so far, but in a tight budget era it becomes a very expensive luxury. Just take a look at some of the organizational structures throughout government. Most of them are constituency based. How many departments are set up in the interests of an overall mission or efficiency? Most of them have been set up as a shell to house the single purpose programs? And any effort to create links between those programs automatically meets with resistance from the interest groups. Take HEW when I was there. HEW, of course, no longer exists as such. But there were some 300 different programs, all with their own sets of rules, regulations and standards. I can recall at one time counting some fifteen different programs that dealt with the mentally retarded, none of them related to one another. And because of legislative constraints, there was very little that we could do to link them. And with all due respect to those of

you here who might be deputy assistant secretaries, count the number of deputy assistant secretaries in the various departments and look how they've proliferated recently. And I would submit that many of them are there to serve a particular constituency. But what does that do to your management span of control? No private corporation in the world would function with such a top-heavy structure.

There is, in fact, a tendency to leap to the organizational solution every time we face a problem. I can recall a number of years ago testifying on the bilingual education program when that program was at its inception. And the very first question from the chairman of the committee was "Mr. Carlucci, don't you think we ought to have an assistant secretary for bilingual education?" I allowed as how I thought we ought to decide whether we should have a program first and what that program ought to look like and then try to decide how the program could fit into an organizational structure.

Now some people say "Oh, what's the difference? How does it hurt?" Just wonder through a ghetto and talk to the people in the social area and you'll see. I've talked to people who've had as many as 18 to 20 case workers working with them, all from a different program. I often thought when I was in OEO that if we could just take the salaries of those case workers, we could get the people out of poverty. And this was amply documented by Congressman Griffiths' studies. In fact, we've now moved to a concept of multi-purpose service centers, so the people at the local level can tell the poor people what programs might be available to them. Rationality would tell you that the best thing to do would be to straighten them out at the federal level first.

Another aspect of federal management that will be terribly important to us in the 1980s is congressional oversight. Now congressional oversight is absolutely fundamental to the functioning of our democratic system. And it's constructive. I've had numerous sessions on the Hill where good programs have developed, where good ideas have come out. And we welcome this kind of oversight. But I question whether we've overdone a good thing. When an agency, as many of your agencies do, have to report to 10, 20, or even 30 different committees on the Hill, that makes it impossible to establish a single mission. These committees impose conflicting demands. And with the proliferation of committee staffs -- there were some 6500 congressional staff members in 1960; there're some 38,000 today -- we get numberous and often conflicting demands on us.

But perhaps more significant is the tendency of individual oversight committees to defend their programs, and in so defending them to get into the business of micromanagement. I can recall again when I was in HEW receiving a telephone call from the Hill

telling me to promote John Doe from GS-16 to GS-17 because he headed a program somebody liked. I explained how John Doe wasn't really eligible for promotion at that time; didn't seem to me to make sense; it was inequitable. And the answer was promote him or we'll make you do it in legislation. I said I wouldn't, that today that man is a statutory GS-17.

In another case, a committee on the Hill didn't like the manager of a particular HEW program, so they took the entire program and moved it out from under him to another part of HEW. And I would submit that that's the kind of oversight that we can usefully do without.

The problem, as I see it, is that there is no single committee, in most cases, that has overall responsibility for the larger government agencies. Hence, no one is interested in management. And any effort to pull together the programs and to make them relate to each other meets with automatic resistance.

Just look at what happened to the rather massive domestic reorganization proposals that were sent forward to the Congress in 1970. They went through extensive hearings before the Government Operations Committee, a skeptical committee. That committee became convinced that they had merit and voted the first department out by a considerable majority. But then the special interest groups got to the congressional committee chairman, and the whole program was killed in the Rules Committee. Once again, the special interests had triumphed.

Now I think there are signs for optimism on this score. There is a great realization on the Hill that management is important to program effectiveness. I think there's a realization that there are too many committees. I think there's a realization that a planning process is important. I think this is one of the issues we're going to have to address very seriously in the '80s. And I would foresee here a much stronger role both in the executive branch and on the Hill for the Office of Management and Budget.

In terms of internal management, it seems to me there will be several areas of emphasis in the 1980s. The first requirement on all of us will be to attract and motivate good people, people who can be innovative, because -- and I know it's a cliche at this point, but it's a fact as well -- we are going to have to do more with less.

And closely allied to this will be the goal-setting process. I think that's going to receive more attention in the 1980s. It needn't be a complicated affair. There have been many agencies that have tried goal-setting programs, and they've failed for lack of employee acceptance. I would suggest that it's nothing more than a simple dialogue where we try to be specific in terms of what we want our subordinates to do. And it seems to me that the Senior Executive Service provides a great opportunity here

for all of us, where we can link the goals of the individual to the goals of the unit and provide a reward which is commensurate with achievement.

I think we're going to have to spend more attention, more time on the labor-management relations area. A lot of progress has been made there in the 1970s, but I think we still lag behind the private sector. I would see us dealing much more with some of the fundamental issues rather than what are basically the fringe issues that we've been dealing with to date.

I think sooner or later the domestic programs of the federal government are going to have to address in a serious manner the question of centralization versus decentralization.

I have a bias. I don't think most of the domestic programs can be run successfully out of Washington. But if we do decentralize, we must be careful to put the authority for cooperating programs in the same localities.

In 1972, I was sent up to the Agnes disaster area to pull together the various federal programs, and I had absolute authority, my management over every federal program. And I very quickly perceived that the basic problem was that one program manager could make a decision on the scene, another had to go to Philadelphia, and a third had to go to Washington. And only by centralizing the decision-making myself could I coordinate the programs. That was fine for a disaster. But a disaster is nothing more than telescoping regular federal aid into a short time-frame. And this kind of problem continues to plague our domestic programs.

As we decentralize, it seems to me we're going to have to do a better job of coordinating the state and local government. I can remember when I first got into the domestic side of government, that the feds tended to look down their noses at state and local government. We've overcome that now. I think the relationship is improved, it's by and large constructive, but we're going to have to continue to build on that existing relationship if we're going to make the whole structure work properly.

Finally, and perhaps most important, is the question of technology. Technology is reaching the office. Are you as managers prepared for it? Will you be burnt, or have you been burnt by some major investment in ADP?

Pretty soon we'll have a paperless office. And with the advent of many computers you're going to have to face some pretty difficult decisions. You want a central or a distributed system? Perhaps most importantly, do you have a management process to make those decisions, one which involves the very top levels of your agency?

And while on the subject of ADP, let me just mention one concern that I have in passing. We have in our agencies, large data bases that have been created for one specific purpose. As we tend to become more automated, there will be a desire on the part of many to link these data bases. Watch out. I think we as the public servants have a real responsibility to watch for invasion of privacy. And when those data bases are linked, we want to be certain that it is done with the explicit knowledge and authorization of all the responsible authorities.

Finally, in terms of incentives and disincentives, we're going to have to pay a lot of attention in the 1980s to retaining good managers in government. And I have an overriding concern. I think we're beginning to lose our good managers for several reasons.

Very few of us came into government for money, but neither did we come in to see our real incomes go down -- it is agreed that they've been going down -- at the same time, as our pensions continue to rise. It's a strange system of incentives that no private company would ever tolerate. Nor did we come into government seeking praise. We expect a certain amount of criticism. But I sense that that criticism has become more prejorative in recent years.

There's an increasing tendency on the part of politicians to blame the ills of the country on the civil service. I think we all accept the need for rules on ethics in government, but I for one, quite frankly, do not like the tone of the ethics in government act -- perfectly willing to fill out the forms -- but I don't think I should have to demonstrate my honesty at this point. And I think a lot of people feel the same way in government.

But all of these are problems that we could cope with readily, it seems to me, if we maintain the same sense of accomplishment that you and I had when we first came into government. But I sense that some of that may be slipping away from us. There are too many people in government today who have the veto, legislative oversight, investigative reporters, whistleblowers, inspectors. All those are desirable things. Indeed, I fought very hard in 1972 to create an inspection unit in HEW and I was stopped by the Congress. We all need them. But here too, we need to raise a warning flag.

Are we the pendulum swinging too far the other way? Do we have more of a premium on catching somebody who's done something wrong than in getting the job done? And it would seem to me that as we approach the 1980s we need to take a serious look at that balance.

Hence, my conclusion is that the 1980s will be com-

plex years, there will be major problems, major challenges. But there will also be very significant opportunities.

What is needed most is a clear and loud voice for good management in government. A voice that speaks not in simplistic terms but that lays out the real issues and proposes solutions that people can understand.

You are all capable executives. You have heavy responsibilities. And I commend you on your efforts to improve. But you also have another responsibility, and that is to educate the public on the problems of management in government.

Those of us in government have the largest and most difficult Board of Directors of any company in the country. But we need to work with them, we need to educate them.

I am confident that you can measure up to the challenges ahead. The country may not always express it well, but I know it is counting on you.

Thank you and good luck.

[Applause]

CHAIR: I'm reminded of the story when three umpires were talking. One umpire says, "I calls 'em as I sees 'em." The other umpire said, "I calls 'em as they are." And the last umpire said, "They ain't nothin' 'til I call 'em."

[Laughter]

CHAIR: And I think Frank, you've called them tonight. And I think more than anything else, I think he's challenged all of you and me to look at the '80s, to look at the challenges, and to call 'em. Because we as managers, we as executives, have to call 'em in our own ballpark. And they may be different in CIA than they are at FEI, and the challenges may be similar or we may see 'em differently, but they ain't nothin' 'til we call 'em.

And I want to thank you, Frank, and I want to thank you, Marsha, and I want to thank all of you.

Good night.

[Applause]

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CARLUCCI - Speech

PUBLIC AFFAIRS STAFF

Deputy Director Frank Carlucci

The Presidential Classroom: Address and Q&A

Marriott-Twin Bridges

Monday, February 25, 1980

ANGIE WHITAKER: It is my pleasure this morning to introduce a very distinguished speaker who's going to discuss the presidency and its relationship to the Central Intelligence Agency.

A native of Pennsylvania, he received his BA degree from Princeton and his MBA from Harvard. After a year in the private sector, he joined the Foreign Service and served in a variety of positions. He was the vice consul and economic officer in South Africa. He spent some time in the Congo, in Rio de Janeiro. And then in 1970, he came back to the United States where he was the Assistant Director for Operations of the Office of Economic Opportunity. In '71, he became the Associate Director and then Deputy Director of the Office of Management and Budget. From there he went to Health, Education and Welfare, where he was the Undersecretary. In 1977, he was the United States Ambassador to Portugal. Since 1978, he has served as the Deputy Director of the Central Intelligence Agency. And we are just very honored and very pleased to have with us this morning Mr. Frank Carlucci.

[Applause.]

DEPUTY DIRECTOR FRANK CARLUCCI: Thank you very much, Mrs. Whitaker. It's a pleasure to be with you and to start this week of the foreign corridors of power in Washington, and specifically how the presidency functions.

Since you've asked me to kick off this session, I've automatically made the link between information and power. I assume that most of you have heard that, in Washington, informa-

tion is power. But I would submit that information is powerful only if it is properly used. That is to say, used at the appropriate time by the appropriate person. And of course, the principal person in our government who needs information for decision-making is the President.

But I would also submit that if information is prematurely released or improperly released, it does not represent power. Indeed, it represents the dissipation of power.

Let me try and illustrate the point by two examples. In the intelligence business they tell the story of two men who were stranded on a desert island. And a helicopter came over, flew down low; the pilot leaned out and shouted to the men "You're lost." With that, the pilot ascended back up and disappeared over the horizon. One man turned to the other and he said "That pilot was an intelligence officer." The second says "Why? How do you know?" "First of all, because his information was right on, totally accurate. And secondly, because it was totally useless."

To take a more serious example, I guess I was about the age of most of you in this room. I can recall on December 7th, 1941 hearing on the radio about the attack, the Japanese sneak attack on Pearl Harbor. And as the historians look at that fact, they find that there were bits and pieces of information; information about the movement of the Japanese fleet. Not conclusive, but just that the Japanese fleet had mysteriously disappeared. There were some signals that were picked up, rather mysterious signals, that normally would have aroused suspicion. There was some diplomatic activity that, had it been analyzed, would have given rise to certain questions. There was nobody to pull it all together and to present it to the President. Indeed, there was a last minute trip to the President's Office where some of these questions were raised. But by then it was too late, and we all know the tragic results.

As a consequence, our country decided that an organization was needed to pull together intelligence information and to present it to the President. Hence, the Central Intelligence Agency was created. And in the early years, Presidents were principally interested in military development, strategic balances -- how do we relate to the Soviet Union, analyzing other people's missile capabilities. But gradually we were not into policies just like the military affairs. The application of your might, that is to say your diplomatic leverage, can be significantly enhanced if you have a better idea of which your adversary's capabilities are and, more importantly, what his plans are. And it's this function that has become so important in our government structure today.

It's really not the spy function, which the newspapers like to write about, although those of us out at Langley do some of that. It is principally the process of pulling together bits and pieces of information and presenting those pieces of information in evaluated form to policy-makers which makes the so-called intelligence function so critically important. And when you hear about Langley and the Central Intelligence Agency later on this week, bear in mind the organization probably resembles a small university more than anything else. We might have engineers looking at Soviet missile systems. We might have agronomists analyzing Soviet grain production; economists looking at the question of what is happening to the price of gold; petroleum experts analyzing what's happening in the petroleum market, as well as political experts dealing with various countries, the things that you read about every day in your newspapers, such as Iran and Afghanistan. And it's their job to assemble the existing pieces of information and to present it in a comprehensive form to the President and other policy-makers.

Now how do we do that? Every day the President has on his desk at the beginning of the day a daily intelligence bulletin, which reads very much like the short newspaper -- we try to make it as readable as possible -- that gives him the overnight developments around the world. We also try to put in little pieces from time to time. We might take a given country and analyze trends in that country. Or we might analyze developments, say, in NATO or the Warsaw Pact. And we find that the President reads a particular bulletin avidly. In fact, he frequently sends notes back saying this is good; this is bad. On occasion he's even been known to correct our grammar.

We also send the intelligence bulletin to other senior policy-making officials, the Secretary of State, the Secretary of Defense, the National Security Adviser; when appropriate, people like the Secretary of the Treasury, the Secretary of Energy so that they can be kept abreast of the latest developments.

In addition to sending the material in written form, we hold periodic briefings. Once every two weeks, the Director or, in his absence, I spend an amount of time with the President where we talk to him on any subject of our choosing. The President doesn't know the subject in advance. We pick it. We provide him with a briefing book so he can follow the briefing with charts, maps, whatever we think might be appropriate. We find that the President pays a great deal of attention to these briefings. I find it dangerous, because he's got a much better memory than I have, and he'll pick us up on something and say "Well, I thought you told me a year ago that this development was heading in another direction." So he really does retain

the information we provide him.

We also play a role in the National Security Council debates, National Security Council meetings. Frequently we will be asked to lead off with an intelligence assessment; that is to say, what is the information the U. S. government has on a particular situation overseas. Once that information is on the table, it may be challenged by some other organization. But at least we will have furnished the basic data for the policy-makers as they go about examining their options.

Now most people don't realize it, but information in the U. S. government doesn't only go to the President. Much of the information that we provide the President is also shared with the Congress. There's a daily intelligence bulletin that goes up to select committees on the Hill, the Foreign Relations Committee, the Intelligence Committee, the Armed Services Committee. In addition, we provide numerous briefings for individual congressmen or different committees. We probably provide as many as ten or fifteen briefings a week on the Hill. So that when the administration has a debate with the Congress over policy measures, we're all proceeding from the same data base.

Just a word about where our information comes from. I don't want to get into too much detail because you'll set some of this later on this week. But our analysts look at a variety of sources. They look at open sources, just like you might in going to the library. They look at Foreign Service reporting, reporting from our embassies and consulates overseas. And they look at clandestine reporting; that is to say, reporting which comes from our espionage network overseas. And they look at information which comes from our technical systems.

Now you've heard a lot about our technical systems, and indeed they're very good systems. But they have their limitations. A technical system can tell you what our adversary has done, or what he may be doing right now, if you're lucky and happen to catch him doing that. But it really can't tell you what his plans are. And for learning about somebody's plans, which is the most important information the President can have, we will have to continue to depend on our human sources.

Human source collection, collection of intelligence by agents will continue to be a very important responsibility of the U. S. government, particularly of the Central Intelligence Agency. Now this is not some mysterious process. It is really a process of building confidence between individuals. That is to say, someone in another society who for one reason or another is willing to provide information to the U. S. government, and someone in our organization who can work with

him in gathering that information and supplying it back to the United States government.

There are some differences in establishing what is in effect a contractual relationship between doing this overseas and the normal contractual relationships you would find in the United States. One difference, of course, is that there is generally an ideological characteristic to it. That is to say, most people overseas who are willing to provide information to the U. S. government don't do so for money. Some of them do. But by and large, they do it for personal reasons of one sort or another. Frequently, ideological reasons -- disillusion with the society in which they are living.

Secondly, in so doing, they may be breaking the laws of their country. Not our laws, but the laws of their own country. Thirdly, many of the people we're dealing with risk their lives or their liberty in dealing with us. So they insist on confidentiality. Nobody, say, in Cuba or Eastern Europe is going to provide information if they think they're going to read about it on the front pages of the newspapers. And this, quite frankly, is one of the most serious problems our government faces today. We are known around the world as a government that is not capable of keeping a secret. And this is a very severe handicap to the President. He can't select the timing for his policy alternatives, the information that is provided to him cannot be kept confidential until he decides how it can best be used, then his effectiveness as a world leader is seriously undermined.

Now we believe there're a number of reasons why the U. S. government is perceived as a government that can't keep a secret. You just mentioned a couple of them. There are former CIA people who are writing books. There are former CIA people and others engaged in an operation designed to reveal the names of CIA personnel and CIA agents overseas. And we seem to be powerless to stop that. There are problems created by the Freedom of Information Act, which entitles anybody in the world to write to the CIA and request information. That is to say, even the Soviet KGB could write us and ask for information, and under this law we would be required to respond within ten days. We wouldn't necessarily have to give out the information, but we would have to search our files. That creates a very serious problem for us.

We have gone to the Congress and asked them -- the President has gone to the Congress and asked them to help us resolve these problems. He asked them to do it in the context of what we call charter legislation, broad legislation that would lay the underpinning for an effective intelligence organization, that would legislate the necessary checks and

balances to guarantee that there're no infringements of civil liberties by an intelligence organization, but, at the same time, would give us the tools that we need to provide the President with the information that he needs.

Let me close by just saying a word about where we stand intelligence-wise vis-a-vis our adversary. We, in my judgment, are still -- we still have the finest intelligence organization in the world. There's no question that the Soviets put far more money, far more resources into the intelligence area. But going back to my initial comment, one of the main functions of intelligence is taking the information to the President. And much of that information is bad news. And we have no problems whatsoever in bringing bad news to President Carter. He takes it rather well. But I wouldn't like to be the intelligence officer in the Soviet Union who has to bring bad news to the Kremlin. In fact, there are all kinds of indications that their intelligence is skewed by their ideology.

My judgment is that we are the finest intelligence organization in the world. We will continue to provide some of the best information in the world to the President. But we are hopeful that we can work out some of the problems that I have mentioned with the Congress and in the course of the debates that are now underway.

[Applause.]

WHITAKER: Mr. Carlucci will take questions now. And I want all of you to think about keying your questions in on remarks that he made this morning, because we will be going to the CIA later in the week where you'll have an opportunity to ask questions that maybe deal more with the structure and organization of CIA. And I would also ask you to limit your questions to one question, no one, two, three, four-part question, because Mr. Carlucci has to leave right at 10:00. He has a 10:15 meeting.

So we're ready to take questions now.

[End of Side I.]

DEPUTY DIRECTOR CARLUCCI: ...provided information which indicated that the Shah was facing serious problems. This information was provided, oh, about a year in advance. It accompanied the erosion of the Shah's position in our reporting to the President.

But I think it is fair to say at the same time that nobody, either the CIA nor anybody else in this country or any

other country that I'm aware of foresaw the dimensions of the upheaval in Iran. Nobody forecast the total social revolution that would be led by a then 79-year old cleric.

This fact that we did not forecast the dimensions of the revolution has led us to re-examine some of the reporting that we do from overseas and to place more emphasis on analysis of societal trends, less emphasis on the purely political. Now, societal trends are much more difficult to collect against and to analyze. They're much more unpredictable. But we have sent out instructions to our Foreign Service folk and to our intelligence collectors around the world asking them to give more emphasis to these factors.

In terms of the second part of your question: "If the President knew about the erosion of the situation, what action was taken?" Frequently, action is taken which cannot be discussed in public. Moreover, you can't always affect the course of world events as much as we would like. When you get a social revolution underway, that's a process that has its own dynamic, and the U. S. government can't just step in and say "Stop" and expect it to stop. Indeed, there are many situations where it would be totally counterproductive for the U. S. government to try and emphasize its influence. I'm not saying that that was the situation in Iran. But there certainly were a lot of diplomatic actions that were taken in the final months of the Shah's rule.

Q: My name is Tammy Morton. I'm from Michigan.

Mr. Carlucci, you talked about the United States losing confidence with many nations throughout the world. And I would like to ask you, what are some ways that we could try and regain the confidence of these countries? And would one of those actions be sort of the, quote, "unleashing" of the CIA that, you know, the Congress is considering that legislation right now?

DEPUTY DIRECTOR CARLUCCI: Well, I think it's fair to say that a number of countries around the world have been puzzled by developments in the United States over the past five or six years. And those of us who lived here and lived through the trauma of Vietnam, Watergate understand this. We understand the desire of the Congress to exercise more authority. At the same time, though, the Congress has taken unto itself what is essentially an executive role in many areas, and it's very difficult for 535 members of Congress to conduct foreign policy, for example.

So we need to examine the balance of power against or between the Congress and the executive branch and we need to speak more with one voice overseas.

As far as the CIA is concerned, we would prefer not to be referred to in canine terms. The press talks about unleashing us. And we're more concerned -- we're not concerned about leashes as much as we are concerned about the misguided applications of certain laws or the absence of laws that would enable us to deal with misguided people who for no conceivable social purpose are revealing the names of CIA personnel overseas, thereby putting their lives in danger, at a maximum, and, at a minimum, impacting on their effectiveness. Because, after all, no one wants to deal clandestinely and provide information clandestinely to someone whose name is in the newspapers every day.

So we are asking the Congress to take a look at this problem. We are asking the Congress to relieve us of some of the burden, not all of the burden, of the Freedom of Information Act, which is antithetical to the concept of a good intelligence organization, which must function in secrecy. We think that we need oversight, and the Congress is now exercising that oversight, and the Freedom of Information is a poor vehicle for oversight.

Finally, we think we need to cut down on the number of committees to which covert action operations are reported. At present, if we are to engage in a covert action operation, that is to say try and influence events of a foreign country in a clandestine fashion, we're obliged to brief eight committees of Congress. Now that's two hundred members of Congress. That's almost a contradiction in terms, because once you brief 200 people on anything, it is no longer covert. What we are saying is that should be cut down to two committees, which is the normal oversight mechanism for any government agency.

We think this would enhance our effectiveness. But we in the CIA don't pretend to be a substitute for U. S. foreign policy. Indeed, it would be a very serious mistake if we were to try and conduct an independent foreign policy. Your question was, in a sense, a foreign policy question. And I think it's answered by the strength of the tone of the President's State of the Union Message.

Q: Steve Rains from Illinois.

Mr. Carlucci, do you feel like Congress in any way hinders the effectiveness of your organization?

DEPUTY DIRECTOR CARLUCCI: As I've indicated, I think the number of committees to which we must report covert action operations does deprive the President of a legitimate foreign policy tool.

Let me emphasize this point. The President has de-

cided that the country should be able to conduct covert action operations. The Congress has agreed. So there's no problem about conducting these operations. But we have created a structure on the Hill which makes it highly likely that information on these operations would leak.

The Congress is very sympathetic to this problem. They have indicated to us an intent to cut down on the number of committees. They have also expressed a willingness to look seriously at the problems we have explained to them in connection with the Freedom of Information Act, and there are a number of bills that have been introduced on the Hill to deal with the activities of those who would disclose the names of our people overseas.

So the answer to your question is that there are some legislative provisions which either impede our effectiveness or the absence of which make it difficult for us to function effectively. But the Congress is now taking note of these problems and is moving to provide us with some legislative relief.

Q: I'm David Bristol from Kentucky. And I'm just wondering. Why does the CIA have agents working in the United States when the charter of the CIA specifically states that the CIA can only work outside the boundaries of the United States?

DEPUTY DIRECTOR CARLUCCI: Well, we don't have agents, in that sense, working in the United States.

Let me clarify some definitions here, because everybody, including the press and the public, is confused on this point. The FBI refers to its personnel as agents. We do not refer to our personnel as agents. For us, an agent is a foreigner who is providing information to us. Our personnel who work with these foreigners are called case officers. So I assume you were referring to CIA personnel.

Yes, we do have CIA personnel here in the United States for several purposes. One, of course, is that we have to recruit here in the United States. That is to say, we look for people who want to join the CIA, and we have to conduct security investigations on them.

Secondly, there are a number of foreigners here in the United States, and we try to enter into contact with those foreigners to see whether they would be willing to cooperate with us once they return overseas. But we do not conduct espionage operations against Americans, and we do not target on Americans. There are safeguards built into an executive order for American citizens. When we do, in the case of an emergency, have to target against an American, we have to go through a procedure which requires the Attorney General's approval.

So the answer to your question, as I understand it, is we aren't operating in the United States.

Q: Mr. Carlucci, my name is Lelia Kaufman, and I'm from Berlin, Germany.

My question pertains to SALT II. Does the CIA have advanced enough visual technology, a complicated enough espionage system to detect any Soviet violation of the SALT II treaty were it to be ratified?

DEPUTY DIRECTOR CARLUCCI: That's a very complicated question that has been debated at great length on the Hill. The straight answer to your question, as you have phrased it, is, no, we do not have a capability to detect any violation. But when you look at something as complicated as the SALT treaty, you have to look at probability and you have to look at time frames, and you have to say if this provision is violated, what are your probabilities of catching that violation over time frame "X," over time frame "Y." That is to say, what is our competence level in monitoring the treaty.

Much of the information we've gathered. And the means of gathering it, of course, is confidential. And we have debated with the Senate at great length the adequacy of our monitoring capability. We've gone over it provision by provision and said "Here is the degree of competence with which we could monitor this treaty."

I think the answer to your question lies in the fact that the Senate, after exhaustive hearings on this subject, concluded that verification is not a major issue. That is to say, their judgment, which is essentially a political judgment we're not qualified to make -- their judgment was that the United States has adequate capability to monitor it.

Q: ...And I'd like to know if a foreign person gave information to the CIA, and in the process risked his own life by breaking the laws of his own country, would the CIA provide some form of protection for him and, if so, how?

DEPUTY DIRECTOR CARLUCCI: Well, the most important form of protection that you can provide someone like that is to protect the information he gives you and to protect his identity. And we try to do that in our organization by not referring to people by their true names or by having a complicated security system, a decentralized security system where only the people who have a need to know have access to the information our friend would provide or have access to his name. And this is at the heart of the issue that we're debating with the Congress, because we know that if the information that our friend gives us or his identity is spread too far in the United States

government, if it goes to too many people on the Hill, or indeed if his identity goes to anybody on the Hill, that he will conclude it's not worth cooperating with us. And the fact is that a number of people have concluded that the risks are too high for them to cooperate with us.

So the efforts we are making to cut down on dissemination of information represents the best kind of protection that we think we could give to our sources.

Now, in the case you've cited, if someone's life is in danger, they are in what we call a denied area, say Eastern Europe or the Soviet Union, and they wish to defect, we have means of helping them. We have means of helping them after they get into this country, helping them to establish a new life.

Q: I'm Julie Smoods from Washington, Indiana. And I'd like to know why did it take so long to discover the increasing troops of the Soviets in Cuba.

DEPUTY DIRECTOR CARLUCCI: You have to make a distinction. You have to understand what was discovered. Soviet troops in Cuba is not what was discovered. What was discovered was the existence of a separate Soviet organizational entity, the Soviet brigade. We have known for a number of years that there have been Soviet troops in Cuba. We've known approximately their numbers. But what we didn't have was the breakdown that told us "Here is a separate brigade with an identifiable combat capability. Most of the Soviets in Cuba, we assume, were training, were there for training purposes.

In fact, this kind of thing is very difficult to discover, because nobody can come out and tell you about this. The Soviets take obvious measures to protect this kind of information. And rather than an intelligence failure, this, in fact, was a significant intelligence breakthrough, the fact that it was discovered.

So we really have no apologies to amkle on that score. Indeed, we think the analytical work that went into determining the existence of this separate organizational entity was some of the best in the intelligence community.

Q: My name is Vicky Eshbe. I'm from Ohio.

You mentioned analyzation several times. And I was wondering. As you form opinions, have you ever been horribly wrong or have you ever missed information?

DEPUTY DIRECTOR CARLUCCI: Sure. Any organization that evaluates information is going to make errors, particu-

larly when you're dealing with the intangibles that we have to deal with in world affairs, the intentions of the leaders in the Kremlin. That's a subject of considerable speculation. So there has to be speculation because the Soviet Union conducts its policy-making in great secrecy. The intentions of Third World leaders. We don't have access to many of their inner councils. In some cases we might; in some cases, we don't.

As we look at the information we receive, we try to evaluate it as best we can. I would say our percentage of error is relatively low, but certainly we make errors. Our accuracy, once again, is a function of two things. It's a function of the quality of people we have doing the analysis, and it's a function of our collection capability. And our collection capability, once again, gets back to the basic factors that I've mentioned. And that is to say, our ability to maintain a confidence and to protect the information that people give us and to protect the identities of people who cooperate with us.

Q: Concerning the Freedom of Information Act, exactly what categories of information can and cannot be given out in detail?

DEPUTY DIRECTOR CARLUCCI: A good question. The Freedom of Information Act has nine exemptions to it. The first exemption says that no agency needs to give out information that is legitimately classified, but it must review the information to make sure that the classification is proper.

The third exemption allows us to exempt material under our own statute, which authorizes the Director of Central Intelligence to protect sources and methods. What this means, though, is that we must review the material requested with an eye toward release. That is to say, if you send us a letter asking for all the material signed by Frank Carlucci, we have to pull out all that material and review it with the presumption being that it will be released. That is to say, the burden of proof is on us to demonstrate that it should not be released, that it is properly classified.

If we so determine, if we determine that it is properly classified, you are then entitled to sue us. And the judge comes in and substitutes his judgment for ours. And there are some 500 district judges. So the case could go to any one of these judges.

There are several problems that arise. When you are looking at potential agent in a denied area who's risking his life and you say "Don't worry, we have these exemptions from the Freedom of Information Act. But I must tell you

that the information you give us will be collated, will be pulled together in a file that will be sent around the agency and then reviewed line by line to see whether it can be released. And if we say no, it's possible the judge will say yes." His reaction, or her reaction, is likely to be "Thanks a lot, but I'd just as soon not take that risk."

So we have told the Congress we need relief from searching our most sensitive files, not all our files. It would leave our finished production subject to the Freedom of Information process. We would continue to respond to first person requests. That is to say, if you were to write us and say what's in my file, we would continue to respond to that.

But those files that deal with sources and methods, the most sensitive information, we would exempt.

YOUNG WOMAN: Thank you.

Q: My name is Anne Henry, and I'm from New York.

I realize that concentration on secrecy powers in the executive branch can be justified by practicality. You know, fewer people informed of certain things. But I'm wondering what is generally cited as the constitutional basis for the executive's power of secrecy.

DEPUTY DIRECTOR CARLUCCI: The separation of powers is what is cited as the constitutional provision; that is that the President has a separate constitutional responsibility to carry out foreign policy. And inherent in that responsibility is his authority to receive information on a classified basis from his own subordinates. And there are executive orders. There is an executive order which lays out the standards for the classification of information.

Let me go one step beyond your question, though, and say that nobody in the intelligence business, certainly not the President, is seeking exemptions from legislative oversight. The President has a policy-making responsibility, but the Congress has the responsibility to exercise oversight; that is to say, to insure that the executive is carrying out the law in the manner intended by the Congress. We report to select committees, a select committee in the Senate, the Select Committee on Intelligence, and a House Permanent Select Committee on Intelligence. And we provide them with virtually all of our information -- our budget books are complete; they're replete with information -- so that they can make the judgment whether the Central Intelligence Agency has carried out the intent of congressional legislation.

But that is very different from the President's policy-

making responsibilities and is inherent authority to receive confidential advice.

Q: Fred Smerck from Buffalo Grove, Illinois.

Mr. Carlucci, over a period of time, the CIA enjoyed a vast period of freedom. Then the Hughes-Ryan Amendment was passed to limit its power. It states that the President must approve all CIA movements and eight House and Senate committees consisting of 200 people must be informed shortly before or after the movement.

Do you think that -- the CIA wants to stop this. Do you think this will give the CIA too much power and freedom?

DEPUTY DIRECTOR CARLUCCI: A couple of points of clarification. The Hughes-Ryan Amendment applies only to those activities which are not solely for the purpose of intelligence collection. Turned around, those are known as special activities; that is, covert activity, activities by the CIA to try and influence events in other countries and to do so clandestinely. Such determinations are only made after a meeting of the National Security Council and a presidential finding.

We are required under the Hughes-Ryan Amendment to brief eight committees of Congress. We are asking not that we be relieved from the burden of briefing Congress, but that the eight committees be cut down to two committees, which is the normal oversight process, because, as I indicated earlier, eight committees learning about a covert action is almost a contradiction in terms. It's very difficult for it to remain covert, and I think the Congress is sympathetic towards a change in that.

Q: Mr. Carlucci, my name is George Braddock, and I'm from Bridgewater, Massachusetts.

You mentioned that the CIA was established to prevent another surprise attack on the United States, such as Pearl Harbor, and that you brief the President each day on the happenings of the various countries in the world. And I'd like to know why the CIA does not feel it necessary to brief the President on its findings in regards to many UFO sightings. After all, it's possible that they are invaders from another galaxy.

DEPUTY DIRECTOR CARLUCCI: Well, the responsibility for looking into UFOs rests with the Air Force and not with the CIA. So I would respectfully refer your question to the Air Force.

BRADDOCK: Thank you.

Q: Mr. Carlucci, my name is Paul Elkins from Mississippi.

How does the power of the media affect the CIA?

DEPUTY DIRECTOR CARLUCCI: Well, there is a natural tension between the media and any organization that must function clandestinely in order to be effective. But we, in seeking to enhance our effectiveness through additional legislation, do not take issue at all with the media's responsibility to report information that comes into its hands. Indeed, we think the basic responsibility rests with government employees not to reveal information which should be retained in confidentiality.

In fact, we have something in common with the media. They like very much to criticize us for wanting to protect our sources and methods. But they, in turn, are fighting tooth and nail to protect their sources and methods. How many journalists do you see that want to reveal their sources? Indeed, a couple have gone to jail to avoid revealing their sources.

So we are saying "Why should anyone who gives information to the U. S. government be entitled to less protection than someone who gives information to a journalist?

Q: Yes, Mr. Carlucci. My name is Wayne Block, and I'm from Pennsylvania.

What is it that has caused what seems to be a decrease in the CIA's ability to gain important international information? For example, the situations we now face in Iran and Afghanistan which the agency could have helped to prevent.

DEPUTY DIRECTOR CARLUCCI: Well, when you say the agency could have helped to prevent the situations, the agency's function is to provide intelligence, provide information on situations that may develop or situations which are developing. It is the President and the Secretary of State, the Secretary of Defense's responsibility to take actions to deal with those situations.

If the President so determines, he can call on the CIA to engage in covert action. But the fundamental policy responsibility, the responsibility for recommending policy rests with the State Department.

We, as I've indicated, provide the best information, in my judgment, of any intelligence organization in the world. Nevertheless, we are faced with serious problems in protecting the information that others give to us. But my judgment is

that we could be substantially more effective when we obtain the necessary relief from the Congress.

[End of recording.]

(ASPA) American Society of Public Administration

PUBLIC ADMINISTRATION IN THE EIGHTIES

AN ADDRESS BY FRANK C. CARLUCCI

DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

AT ASPA, NATIONAL CAPITAL AREA CHAPTER, 18 JANUARY 1980

I. INTRODUCTION

Thank you very much Brad. Members of the National Capital Area Chapter of ASPA,, I am delighted to be with you today. I feel very comfortable with this group. I see many of my old colleagues here, and I am particularly glad to be at the same table with my old friend Brad, and with Dona, who I know has done so much to move your Chapter forward and will continue to do so as your President next year.

When Dona suggested that I speak to you on government management in the 1980s, I had some reservations because I have really been away from the domestic management area for some time. I am not sure that what I have to say to you is relevant.

You know, in the intelligence business they tell a story of three men who were stranded on a desert island. A helicopter came over, flew down low, and the pilot leaned out and shouted out to them "You're lost." Then the pilot went back up and disappeared over the horizon. One man turned to the other and said, "You know, that chap is an intelligence officer."

The other man asked "How do you know?"

"First of all his information was dead on. Second, because it was totally useless."

I hope that what I have to say to you today will be of some use.

Let me add a disclaimer at the outset. I will be speaking only for myself. In fact, in many instances I have no idea whether or not the views I express to you correspond with the views of the Administration.

II. DEMANDS ON FEDERAL GOVERNMENT IN THE 80s

Government management does not exist in a vacuum. Any examination of management issues in the 80s must start with an analysis of the future landscape. As we try to project ourselves into that future and think of what management in government might look like in the 1980s, we have to start with the demands that are likely to be imposed on us. This in turn is a reflection of the state of the world and the outlook for domestic affairs. Despite being in CIA, my crystal ball is not any better than yours. However, it seems to me that some broad trends are discernible.

First, in the foreign affairs area, I see the 80s as a period of increasing complexity and difficulty in managing our relations with the Soviets. In view of the momentum they have built up in defense expenditures, at some point in the early 80s they will reach approximate strategic parity. Depending on how fast we react, we could regain the lead towards the end of the 1980s, but there will be an interim danger period.

On the other side of that coin is the fact that Russia will also have to wrestle with many serious issues. The Soviet Union is faced

with problems of large minority populations, a large proportion of whom are Muslims; they are faced with rising consumer expectations and a declining economic growth rate; they are faced with the possibility of unrest in Eastern Europe and the entire periphery of their empire. In all likelihood their oil production will decrease in the 1980s. Added to all of this will be a period of transition in leadership. Thus, Russia is faced, as we will be, with serious economic, political, social, and security issues in the 80s on a scale and at a pace that neither of us have had to face in the past.

Similarly, in the Third World, I would expect some of the current complex trends to continue. We will have to get used to a certain amount of continuing anti-Americanism around the world. The Middle East will remain an area of great instability. The point has recently been driven home that what happens in that area can have a very direct effect on our lives. This will continue to be so as long as we are so dependent on imported oil. I see very little chance that we can significantly reduce that dependency in the 1980s. Energy will be the key issue of the 80s.

I also see continuing Soviet and Cuban expansionism. This will be accompanied by increasing determination on our part to deal with it in a more steadfast way.

In terms of government programs, the above means that the defense and intelligence share of the budget will grow as international affairs lay much more of a claim against budgetary resources than we have been accustomed to seeing in the 1970s. At the same time, I question

whether the budget itself will continue to grow at the pace which it grew in the 60s. This means the day of rapidly expanding social programs is over.

I would like to forecast some other trends and their effect. Domestically, the post-war babies are now reaching their adult, working stage, and the population itself is getting older. This means, of course, more social, medical, and economic services for the elderly. Transferred into political terms, if history is any guide, this also means we will have a larger conservative voting public. You will have a public that will be looking for less government, one that is likely to be more apathetic on some of the social issues than the younger public of the 60s and 70s. This, in turn, means it will also be more vulnerable than ever to the single-mission interest groups that are generally recognized to have a harmful effect on our governmental processes.

From these broad trends I draw several conclusions. Pressures on budgets and staffs will continue. National security will claim more of a pot that won't increase as fast as in the past. We will have to do more, but with less. This means more emphasis on such things as productivity and personnel management, in short, higher priority attention to our people resources.

Secondly, I see an intensification of the conflict between the special interest groups and those that are interested in overall program goals, those that are interested in better management in the broad sense of the term. I see people beginning to question the concept

of government by advocacy. At the same time, I see political figures continuing to raise familiar issues: too many people in government, too much paperwork and red tape, too many regulations, and too much general government interference in our lives.

Now, you and I know that these are symptoms of the problems, not the problems. And despite all attempts including paperwork commissions, Leach Amendments, and Bumpers Amendments, we are not going to solve these problems until the Executive and the Congress get together in an intensive review of the legislation that creates the resource demands. Such a review would have to start with programs themselves--their purposes, design, cost, and organization--and then move on to the culling out process. I am optimistic such a review will take place.

III. OTHER MAJOR ISSUES

We will also have to take into consideration questions of government organization, congressional oversight, and public personnel policy. Let's look at those for a minute. It is quite clear that the organizational structure of our government is constituency-based. That is to say, it is neither deisgned to promote an over-all mission, nor for efficiency. It is designed to promote single-purpose programs. And generally speaking we have very few mechanisms to link these programs. There continues to be what I would term a tendency to leap to organizational solutions for problems. OEO, where Brad and I have some experience, is an example of creating an organization and then worrying about the program after you have the organization. I can remember testifying, several years ago

on the bi-lingual education program when that program was just at its inception. The first question by the chairman was, "Mr. Carlucci, don't you think we ought to have an Assistant Secretary for bi-lingual education?" I responded, "No, it seems to me we ought to try and determine first if we want a program, and then if we want a program, what the design of that program should be, and from there try to figure out where it would fit within the organization."

As just one test count the Assistant Secretaries and Deputy Assistant Secretaries in the departments you are with. When I was in HEW, I engaged in a campaign to reduce the number of Deputy Assistant Secretaries. I really didn't know what I was getting into. The resistance was tremendous. These boxes create obvious management span-of-control problems. But more than that, they usually represent advocacy by a particular group.

How does this translate at the local level? It translates into the kind of program duplication that was so fully documented by former Congresswoman Martha Griffiths' excellent studies. She pointed out that in poverty areas you would find as many as 18 or 20 caseworkers working on a single family. Indeed, I, myself, have had that experience, talking to families and listening to the problems they face, just trying to determine which federal program they ought to relate to. I have often thought that if we could just take the salaries of the people working on the family and give them to the family we would get them off the welfare lines.

In most cases these problems don't result from ill-willed bureaucrats, they result from a misguided organizational structure which in turn comes from the pressures of single-issue politics.

IV. CONGRESSIONAL OVERSIGHT

Nothing will be more important to the functioning of effective management in federal government in the 1980s than the question of the evolution of congressional oversight. We all agree that congressional oversight is needed. Indeed, it is a fundamental part of our democratic process. I, in my career, have had many, many constructive sessions with the Congress, and a number of good ideas and fine programs have come out of these sessions. But you can overdo a good thing. And it is impossible for a department to function efficiently when it has ten, twelve, or in some cases, as in Energy, as many as thirty congressional committees involved. If you just look at the way the staffs of those committees and those of individual Congressmen have burgeoned, you can see the effect it has on the management of government, where they are often torn by conflicting pressures from the Hill, or where they are faced with the tendency for the Congress to get involved in excessive detail.

I can remember one time when I was at HEW I got a phone call. I can't remember whether it was a Congressman or a staff member. He said we want John Doe promoted. I explained why John Doe didn't really deserve promotion, why the job he was in was properly graded and classified. The answer was "We don't care, we are interested in that program and we want it and him promoted. Either you promote him or we will do it in statute." I said I wouldn't. Well, that man is now in a statutory job.

Or the incident that we had in HEW when a congressional committee didn't like the manager of a particular program. They transferred the

program through legislation from one part of HEW to another. That is the kind of oversight that we could usefully do without. Now, we see a tendency of Congress to get increasingly into the regulation writing business. We are acutely aware, particularly in recent weeks, of the fact that the President's flexibility in foreign affairs has been dramatically reduced over the past few years by legislation. We are also aware of some pieces of legislation that seem to be self-defeating. We can all think of examples in our organizations.

Two come to mind as far as the CIA is concerned. One is an amendment called the Hughes-Ryan Amendment. Now, both the Congress and the Executive Branch have decided that the U.S. Government should have what is called covert action capability. That is to say, that we ought to have the capability to influence events in other countries in a covert way. So that aspect is not even debatable. The statute says that to conduct these operations, we need a Presidential finding. Then we must brief eight committees of Congress. That is 200 members of Congress. Congress isn't the only branch of government that leaks, of course, but to brief 200 members of Congress on covert action is a contradiction in terms.

Or, take the Freedom of Information Act. It was applied to our intelligence organizations over President Ford's veto. This, too, is a contradiction. An intelligence organization builds its effectiveness on confidentiality. You have to be able to assure the people that are providing you information that the information will be protected. Now, technically it can be protected under the Freedom of Information Act.

but try to convince somebody--say an Eastern European--that he is going to be protected when he sees information rolling out of the U.S. presses released under the Freedom of Information Act. Indeed, with some 4,000 Freedom of Information requests a year we seem to have transformed the confidential intelligence agencies into the purveyor of information to the world. Some of these are from foreigners. We had one from the Polish Embassy, for example. Indeed, if the KGB were to write us, we would be required by the law to respond within 10 days.

Recent actions by Ayatollah Khomeini and the Soviets have helped us out a bit. They have focused congressional interest and Congress has indicated they will take a serious look at these two measures and, I hope, provide some relief. I would also hope that the sense of national purpose that is growing in the United States today as a result of some of the foreign problems we face will extend over into the domestic area and we will have a serious review of some of the legislation that makes good management in government very difficult of achievement.

Some have suggested that this could be done through a management committee on the Hill. That is an interesting idea, but I don't think we need another committee. I would suggest that one solution would be to have OMB play a stronger role in management issues both in the Executive Branch and on the Hill.

V. FUTURE PUBLIC MANAGEMENT ISSUES

There are a number of public management or public administration issues that I foresee affecting all of you. I would like to discuss the major ones.

First of all, senior managers in the government are going to have to get much more deeply into the whole question of automated data processing management. As the cost of hardware for computers goes down and the cost of software goes up, we are going to find that the attention of top management is going to be absolutely necessary. There are many data bases being planned and constructed in the lower levels of our organizations that we don't even know of, much less have control over. I hope that in the 80s the policies that we follow with regard to data processing would enhance our ability to use computers as a management tool, rather than impede that ability as they seem to do now.

Secondly, I see more emphasis on goal setting and weighing performance against those goals. I am not talking about some new theory of administration when talking about this concept. This has been tried, with both success and failure, but like a lot of good ideas it aborted in many cases because it was imposed on a large scale before building employee confidence. I do think the very concept of being forced to think specifically of what we expect of our employees and to weigh their performance against these expectations expressed in concrete terms will become more important in the 80s.

Also in the 1980s more attention will be given to working jointly with employees on management issues. Unions will become much more active. More collective bargining, mainly on employee benefit matters--such programs as day care for working families--are going to be vanguard issues in the 80s, more than they have been in the past.

I also foresee a revision of regional structure in our agencies. My views on decentralization are very well known, at least to most of the people at the head table, so I won't go into them here. However, it does seem to me that it is impossible to run programs effectively in the

localities of our country if the decisions are being made either in Washington or in widely diffused geographic points. This was the biggest lesson out of Hurricane Agnes in Pennsylvania. When I went up there to try to coordinate federal assistance I found that one decision would be made in Wilkes Barre, another had to be made in Philadelphia, and a third had to go to Washington. There was no way we could get the programs together as long as we couldn't get all the decisionmakers in one room.

Similarly, I think we are going to find ourselves looking much more closely at our relations with state and local governments. I can remember the tenor of the 1960s, when the feds were a bit supercilious in their approach to state and local governments. We are getting away from that now. We understand that there must be full cooperation between federal and state and local governments to make the programs we are interested in work effectively.

VI. INCENTIVES AND DISINCENTIVES

Finally, I would expect, and indeed would hope, that the 1980s would see more attention given to the incentives to maintain and attract good management ability. I have an overriding concern. I think we are on the verge of losing many of our best managers. And that will impact very severely on efficiency. I don't need to tell you in this room the reasons. Very few of you came into government to make money. But we didn't expect to see our real salaries going down every year. Compare this to pensions that are tied to the cost of living. How many of you have heard people say "I just cannot afford to stay in government"?

There is no private company in this country that would manage along those lines.

Secondly, we didn't come into the government to be praised. Most of us came in for idealistic reasons. And we are used to criticism. But it seems to me the tone of criticism has become more nasty. Take the Ethics in Government Act, for example. I have no personal objection to filling out an Ethics in Government form. Indeed, everything I own has been laid out five or six times before the Congress. But I do have an objection to the tone of the form. The whole approach seems to be that we have to prove we are not crooks.

I see all these discomforts as bearable, indeed, we could shrug them off if we had the same sense of accomplishment that many of us had when we first came into government. But that is becoming increasingly difficult. In getting from here to a program goal, all too often there are too many people who have vetos. Whistleblowers, investigative reporters, congressional investigations, oversight, and inspectors are all valuable parts of the process. Indeed, I tried very hard in 1972 to build a major inspection unit in HEW, but it was stopped by the Congress. Now they have turned around and all these functions are glorified. Let's not take it to excess. Let's not have more people looking for government mistakes than people who are trying to move a program forward. There has to be a balance between the program managers and those who must oversee them, those who exercise the checks and balances. We can have oversight and still move our programs forward. But in the 1980s we are going to have to look very carefully at whether

we haven't upset that balance. Bear in mind that it is not just the senior managers who will be impacted. The question of personnel motivation is going to affect the young people who are coming into government, who are looking upward at where they are going to be in future years. I think we are still maintaining quality at the junior levels, but we need to give attention to these problems if we want that quality to remain.

VII. A THEME FOR ASPA

It seems to me that this latter theme, quality in government, would be a good issue for ASPA to take on in the 1980s. You could inform the public, Congress, and other political leaders of the need to maintain first-rate employees in government. It will be a difficult chore to turn the currently destructive dialogue into a constructive one. But I think it can be done. There are tens of thousands of people across this country who have experience in government, who appreciate the quality and dedication of those who serve, and who want to be as helpful as they can. Sure it is a challenge. But most of us are here because we want a challenge and because we are interested in good government. What we as civil servants do today will have a distinct bearing on whether at the end of the 1980s we will leave our federal government at least a little better off than it was at the beginning of the 1980s. There is no way to go but forward.